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THE AMERICAN PROSPECT

A Journal
for the
Liberal
Imagination

Summer 1992

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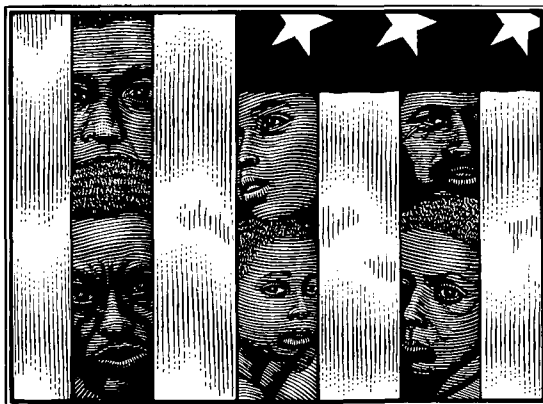
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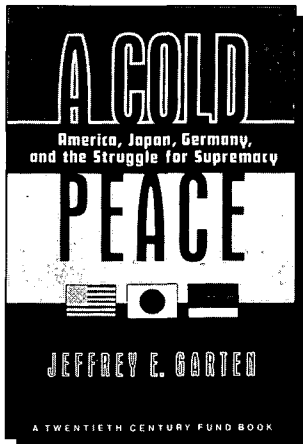
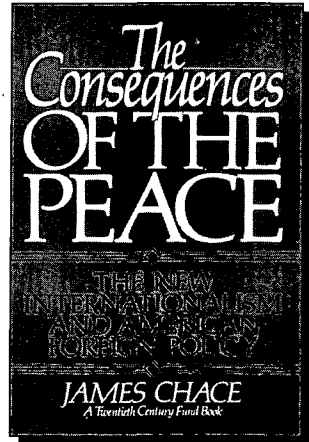
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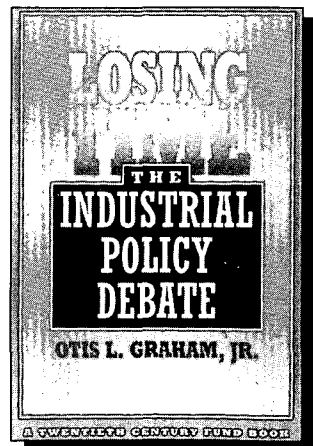
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The Deadly Marathon

Paul Starr

It is now more than two decades since the McGovern-Fraser reforms opened up the Democratic Party's presidential nominating process and the country adopted a nationwide marathon of primaries. To Republicans the change must seem a great success. Since 1972 the Democrats have lost four of five presidential elections. Many thought that in 1992, at worst, the party's candidate would again come in second. But this year he could do worse; second place might even seem a respectable finish.

In theory, since primaries give voters a more direct say in the nomination, they should produce greater involvement and enthusiasm. But what was supposed to open politics to more participation has actually made it the object of greater disdain. The primary system prolongs campaigns and raises their costs, intensifying reliance on television advertising and the fund-raising to pay for it. The public feels it is being manipulated by candidates who have had to prostitute themselves to raise money and "pander" to special interests. Far from being engaged in the process, most voters watch it as alienated spectators.

It is no accident that the candidate who has emerged as an alternative to both party nominees this year cultivates an image as a blunt and unvarnished nonpolitician ("What you see is what you get"), so rich that he cannot be bought (after all, he used to buy politicians himself). And it is no accident that he simply bypassed the primaries altogether, which would have turned him into another mere candidate straining to get his voice heard above a cacophony of self-promotion. Ross Perot says the current process, in which can-

didates in each party "throw rocks" at each other, has nothing to do with selecting a good president, and he's right.

In most Western democracies, party leaders choose the candidates that lead their parties into general elections. By American standards, foreign election campaigns are blessedly short, and voter turnout is much higher. We have sought to democratize the nomination process, but we have done little to democratize elections themselves by ensuring that most people vote on election day. We have put too much emphasis on creating democracy at the front end (where the parties should be responsible for "peer reviewing" candidates) and too little emphasis on democracy in the final stage (where the parties should be held accountable by the people as a whole). In so doing, we have weakened parties that by European standards were already weak and produced an electorate that is dispirited and cynical about the candidates—and about the constructive possibilities of democracy.

The primaries are certainly not the only reason for public cynicism about elections, but they aggravate all the problems to which our system of media politics is vulnerable. They are focused on individual personalities and invite the media to become preoccupied with them. Candidates operate on their own, outside the restraining influence of a party structure; they have an incentive to try to defeat, even destroy, their opponents by whatever means are necessary (the most effective instrument often being the negative political commercial), even if that

damages the party's likely nominee in the general election.

The primary system exposes not just the candidates' faults but the fault lines within parties; and although party nominees can recover from the process, the primaries contribute nothing to building strong and coherent party positions. Who in a political primary has anything to gain from forging consensus? The candidates are engaged in hostile brand differentiation that often turns out to be mutually discrediting and leaves them all worn down, diminished, even demeaned. In recent presidential elections, Democratic nominees have come out of the last primaries positively drooping and bloody.

The system that existed before the McGovern-Fraser commission—set up at the 1968 Democratic convention—allowed blatant abuses, such as stacked and even secret state party conventions. The case for curbing those abuses was excellent. But the McGovern-Fraser reforms did more than that. They allowed only two methods for choosing delegates—primaries and “participatory” conventions (caucuses) that anyone claiming to be a Democrat could attend. The reforms eliminated the role of local and state party organizations in choosing the party's presidential candidate, giving people even less reason to take part in routine, grass-roots party activities. The new rules drained the party organization—and, originally, its elected officials—of what in most democratic societies is a political party's principal function: choosing leaders.

The real problem with the new rules, however, was their indirect effects. As Nelson Polsby argued in his 1983 book, *Consequences of Party Reform*, the new structure created new incentives for candidates. To win over primary voters rather than state party leaders inevitably meant increased dependence on the news media, greater reliance on advertising, and increased fund-raising. Instead of building coalitions within the party, candidates now had an incentive to mobilize a faction in the effort to create a personal campaign organization.

Highly personalized, public, fratricidal struggles have been the result in the Democratic Party (and to lesser extent among the Republicans, who did not adopt most of the new rules).

Almost ten years after Polsby's book, its analysis seems uncannily accurate about the disastrous effects of party reform on the Democrats. While Republicans are not immune from the effects of the primary system, the primaries are clearly more of a problem for the Democrats because of the heterogeneity of their party, the weakness of their national party organization, and the leadership void that grows steadily more serious the longer the Democrats are out of national office.

In a well-functioning political party, struggles for leadership oblige rivals to form coalitions, often including one-time opponents. Once selected, the party's leaders gain the capacity to shape its posture, which usually involves control over rewards and penalties to maintain some degree of internal discipline and coherence. America's political system, unlike a parliamentary government, gives parties (as represented in the legislature) a direct role neither in selecting the executive, nor even in choosing legislative candidates. But the party that elects a president thereby has a power center normally capable of projecting coherent positions and maintaining a semblance of party discipline. President Bush's string of successful vetoes—upheld by congressional Republicans the White House has been able to keep in line—illustrates the edge in discipline enjoyed by the party holding the presidency.

Out of office for twelve years, the Democrats have no power center. Their national party organization does not control sufficient resources to maintain any coherence. Candidates at all levels, including the presidency, essentially nominate themselves, raise their own money (often by cultivating special interests), and then appeal to the voters at large, via the media, over the heads of the party's leaders. Such can-

didates owe nothing to the party and can even run against it, as Paul Tsongas and Jerry Brown did this year. In different ways, Tsongas and Brown validated the view of the party's opponents that it would not be such a bad thing if the Democrats as a whole went down to defeat—this from candidates proposing to lead the Democrats into an election with the Congress at stake! Only in the American system would a political leader attempt to gain a party's backing for the highest office with such a message.

Of course, the reason for greater voter cynicism and disgust today could simply be that, compared with the past, we now have more knaves and fools in public office. I cannot disprove that explanation. But consider another possibility: Increased cynicism may be a by-product of the political system itself, in particular two features—a prolonged period of divided government and the party reforms of twenty years ago.

For twenty of the past twenty-four years, the division of the Congress and presidency between the two parties has produced not only policy deadlock—and consequent voter frustration about a government that cannot seem to get anything done—but also a search by both sides to use nonelectoral means to upset the status quo. These means consist of investigations by congressional committees, the Justice Department, and independent prosecutors and of leaks and other encouragements to the media to develop scandals. Perhaps the most vivid example is the strategy of the House Republicans associated with Newt Gingrich. Frustrated by long minority status, they decided to force into the open the House's internal bank and postal operations, turning long-accepted "perks" into a scandal even at the cost of destroying some Republicans and increasing public contempt for the House as an institution.

As divided government sets in motion forces that amplify public distrust, so do the new rules of the presidential nomination process. Under the old system, candidates had to appeal to party leaders and to consider how they would ultimately secure the

cooperation of their rivals. The new system encourages candidates not only to enter the race without party support, but also to try to win the nomination without their opponents' eventual cooperation. In commercial advertising, as Larry Gross, a communications professor at the Annenberg School of the University of Pennsylvania, explains, no company ever follows a strategy that raises anxieties about the product itself: Ford does not show GM cars in accidents; Wendy's does not raise doubts about toxic chemicals in McDonald's hamburgers. But Democratic primary candidates now routinely trade charges that make voters wonder why any of them should be trusted.

The primary system is brutal in other ways. The demands of the marathon in time and fund-raising, not to mention physical endurance, deter people who would make strong candidates and good presidents. Because running is a full-time job for well over a year, it is ironically easier for people out of office to undertake. A party's elected leaders are normally its best prospects for president; the primary marathon hurts precisely this group.

The pace of the primary campaign after New Hampshire puts a premium on early fund-raising. Candidates who falter early generally do not make it to the later stages; even candidates who do well in early primaries but previously lacked little financial support find it difficult to mount national campaigns. The winnowing process actually begins before a single vote is cast; only the voters don't know it.

Because of the dependence on both early financing and early primary victories, the winnowing of the candidates is, in fact, wildly unrepresentative and unrelated to the party's interest in selecting a candidate who can win in November. Democrats must win California to win the White House, but the California primary usually counts for nothing because it comes so late. New Hampshire is virtually irrelevant to

Democrats in a presidential election, but of course, its primary enjoys enormous weight as an elimination contest.

Front-loading the primary season, particularly concentrating Southern races on Super Tuesday, was supposed to enable a candidate to wrap up the nomination early, to give the party enough time to bind up its wounds and achieve the necessary unity for the general election. But a front-loaded system also creates the feeling among people in late-voting states that their votes don't matter, contributing to the general feeling of disaffection. The early lock on the nomination also creates the peculiar problem faced by the Democrats this year, as delegates proceed to a convention that seems destined to nominate a severely weakened candidate. After New Hampshire in 1968, Bobby Kennedy could get into the race. After New Hampshire in 1992, leading Democrats surveyed the obstacles and decided it was impractical. In fact, the current system produces irreversible decisions about the field of candidates more than a year before the election.

What is the remedy? I believe the ultimate objective should be to return the choice of presidential candidates to national party conventions—real ones, as opposed to the current, phony spectacles—where the dominant, although not sole, voice belongs to the party's elected representatives. They are best positioned to “peer review” fellow leaders; they have met the test of elections and will face the voters again. In practice, that would mean altering the make-up of the convention, shifting the balance of power to the super-delegates and making it impossible to clinch the nomination without their support. That step alone would force candidates to build coalitions within the party, instead of recklessly pursuing their own interests with slashing, demagogic campaigns against their opponents.

In addition, the state parties should have the option once again of conducting representative state conventions to choose na-

tional convention delegates. The idea that primaries and caucuses are inherently more democratic than a representative assembly was a fallacious premise to begin with. Voter turnout in primary elections is now so low as to raise serious questions about the legitimacy of the results, and the caucuses are even worse. Many people are rightly upset that in general elections in the United States, voter turnout is much lower among low-income groups. (In Europe, turnout is not only higher but typically much less correlated with income.) We should, therefore, be all the more concerned about primaries and caucuses where low-income voters are even less well represented.

It is, of course, a paradox to suggest that greater influence for elected officials and state parties will produce a more democratic outcome. But those who equate primaries with democracy neglect the resources primaries require and the power they confer on funders and the media. The hypothesis that primaries would permit more genuine participation should also not obscure the reality that voter participation is highly skewed. A strange theory of democracy it is that insists upon a nominating process that regularly produces candidates who lose elections. A representative at a convention is, in fact, more likely than a primary voter to calculate which candidate can appeal to the whole electorate, including those who do not turn out for primaries.

Some might say: Rather than restore power to the parties, why not do away with them entirely in favor of a more “open” process? In this view, the parties are in terminal decline, and we may be moving from a two-party to a no-party system. The Perot phenomenon may seem to confirm that analysis, although I doubt it. Yes, any billionaire who is a personal legend can run without party endorsement; this is not exactly a large class of individuals. More important, without support below in the political system, how can someone thus elected govern?

Perot himself has proposed a kind of

electronic direct democracy—hour-long televised “town halls,” with computerized voting—to bludgeon the Congress into obedience to the people’s direct and instant will, perhaps dispensing with the Congress altogether. (Perot proposes to take away from Congress its authority to raise taxes.) If this actually happened, it would be the end not only of the two parties but of our constitutional system. For whatever Perot represents, the process he is talking about—plebiscitarian democracy unmediated by parties or deliberative bodies—is an invitation to authoritarianism and the manipulation of public opinion on a scale unprecedented in our history. Who structures the choices? Who decides what the voters see and hear in the hour before they vote? Fortunately, the constitutional impediments to the idea are overwhelming, although there is plenty of potential for havoc if Perot is elected and attempts to stage electronic referenda in battles with Congress.

The constraints of American political life make it difficult to say that any ostensibly democratic procedure, such as the primary system, has not worked. And, to be sure, it will never be possible to return to the situation that existed in 1952, when Adlai Stevenson could get the Democratic nomination without running in a single primary. But incremental reforms in the party rules can gradually alter the framework of political incentives (and, with the super-delegates, already are moving in that direction).

I am not suggesting it is impossible for the Democrats to pick a winning candidate through the primaries. They did so in 1976, and they may yet win this year, if Perot ends up splitting the Republican vote while Democrats come home. But the primary system has reduced their odds of winning presidential elections. And, what is the bigger issue, it brings out the worst in our political system, aggravating the disaffection with democracy in America. That distemper is a dangerous condition—just how dangerous, we may learn in November. ♦

The Economic Stakes

Robert B. Reich

More than economics is at stake for the American economy in the upcoming election. The social foundation upon which our economy functions is at risk. Other economic issues now so intensely debated are either irrelevant or need to be placed in that context.

First, what is *not* at stake:

The budget deficit. One of the biggest scams of the Reagan and Bush administrations has been to create a mammoth federal budget deficit and then to convince the public that budget deficits are an evil that must be avoided by raising taxes or cutting spending. Since tax increases are out of the question, it follows that government must stop doing even important things like educating kids and ensuring that they receive adequate health care and nutrition.

This is nonsense. Whether a budget deficit is good or bad depends entirely on what the borrowing is used for. It is bad if we borrow from the future to maintain current living standards; good if we borrow to invest, and invest wisely, in the sources of future productivity—education and training, roads, bridges, child health and nutrition. The upcoming Fiscal Year 1993 budget is scandalous not because it anticipates well nearly \$400 billion of new public borrowing, but because it contains only \$121 billion of new public investment. The balanced budget amendment is a dangerous fraud.

The trade deficit. The trade deficit per se is not the problem. It could be eliminated tomorrow if all Americans took a big cut in their incomes, so that everything we exported were that much cheaper. Another way of achieving the same dubious result would be for the dollar to drop even lower, relative to foreign currencies, than it has

dropped since 1985. But all such measures make Americans poorer, since everything purchased from abroad becomes that much more expensive. It is no great accomplishment to balance trade by becoming poorer.

The competitiveness of American firms. Another non-issue. The standard of living of Americans has less and less to do with the global competitiveness of American firms, since American firms are maintaining their share of world exports—and profits—by going abroad. Between 1975 and 1990, well over half of all the new manufacturing jobs created by U.S. companies were created abroad. Meanwhile, foreign companies have been coming to the United States and now employ about 10 percent of our manufacturing workers. Yes, it is nice for American shareholders to get the profits instead of foreign shareholders. But the disposable income of Americans depends far more on their jobs than on their shareholdings. So stop worrying about how American firms are doing, and start worrying about how Americans are doing.

Jobs, Jobs, Jobs. It is natural to focus on the number of jobs and jobless, especially during a recession. Stubbornly high unemployment these days is also partly the result of cutbacks in defense expenditures. But America continues to generate large numbers of new jobs, and employment is sure to pick up when the recession is over. The problem is not the number of jobs but what they pay. The vast majority of new jobs in America are in unskilled local services—retail, restaurant, hotel, hospital work, custodial, security, and transportation—with take-home pay rarely above minimal wage. According to recent Census Bureau figures, the portion of full-time employees with annual earnings below \$12,195 (adjusted for inflation, in 1990 dollars) increased sharply from 12.1 percent in 1979 to 18 percent in 1990. Young workers have fared even worse: the proportion of 18-year-olds working full time and making low wages soared from 22.9 percent in 1979 to 43.4 percent in 1990.

What is at stake? Simply this: Most

Americans are losing ground. Only a comparative few are making it, and an even tinier number are making it big. This has been the trend for fifteen years, but it is gaining ominous speed.

The data are not free from controversy, but almost all economists who value their professional reputations agree that between 1977 and 1989 the after-tax income of the bottom fifth of families fell some 9 percent (adjusted for inflation and the declining size of families), while that of the middle 20 percent fell about 4.5 percent. The top 1 percent, meanwhile, never did better. Their after-tax income rose over 100 percent. And their share of national wealth (which had been relatively constant for decades, at around 31 percent) ballooned to 37 percent between 1983 and 1989.

The gap is growing partly because wages are diverging. Manufacturing and data processing jobs, which used to provide high school graduates (and dropouts) with good earnings, have been vanishing. If robots and computer-integrated manufacturing systems are not replacing these jobs, they are migrating to places around the world where people are eager to get them at much lower wages. The few remaining middle-aged blue-collar workers in America earn about \$2,400 a month—not including health insurance, unemployment contributions, and overtime. The typical Mexican just south of the border is happy to labor for \$100 a month; a Vietnamese, for \$36 a month. True, the American is likely to be the most productive, so that unit costs are not as low outside the United States as the low wage rates would suggest. But as state-of-the-art factories and equipment are placed in Mexico, Thailand, and Vietnam, the productivity gap is narrowing.

Meanwhile, the “knowledge-content” of most goods and services is rising—putting a premium on people who are able to recognize and solve problems. The price of a new pharmaceutical drug mostly reflects research, development, legal, and marketing skills. The price of a new computer goes mostly to software development; hardware

is becoming a low-priced commodity. A new jet aircraft is largely the result of engineering and manufacturing design, fancy electronics, and sophisticated financing. Automobiles are largely styling, engineering, marketing, and other problem-solving services. Robots and computers will do most of the routine, back-straining work within the factory or service business of the future; people will program the robots and computers, maintain them in perfect running order, and exercise judgment about how they can be utilized for better effect. In the new global economy, the people who have these sorts of problem-solving skills are in ever-greater demand.

These three related trends—automation, globalization, and knowledge-intensiveness—are widening the wage gap between the well-educated and the poorly educated. In 1970 the average college graduate earned 50 percent more than the average worker without a college degree; by 1990 the college grad earned 100 percent more.

Other nations are experiencing the same centrifugal forces, but they are doing something about them—giving more of their citizens first-class basic educations and technical training and investing in roads, mass transit, and communications systems.

America has been doing just the opposite. The growing wage gap here is being compounded by how America finances the things that otherwise put downward-trending Americans on an upward track, or at least halt their decline. Federal support for education, training, roads, bridges, and the health and nutrition of children has dropped by one-third since 1980. The states, overwhelmed with the rising costs of Medicaid and prison construction, have been cutting back as well—thus putting even more responsibility on towns and cities. But as Americans continue to segregate by income, entire towns and cities have become either poor or middle class or wealthy. The result has been a growing disparity in the quality of schools, parks, libraries, roads,

transportation, and police and fire protection available to Americans of different incomes. Wealthy Americans are taking less responsibility for the education, training, and infrastructure needs of their less affluent compatriots.

These disparities mean even larger wage gaps in the future. We did not need the Los Angeles riots to discover that American cities are becoming poorer, blacker, and browner: Last year, 19.3 million kids lived in cities—one-third of them poor (family income under the poverty line), half of them black or Hispanic. Meanwhile, the suburbs and exurbs are becoming wealthier and whiter: 45.6 million kids lived outside the cities last year—only one-eighth of them poor, only one-sixth of them black or Hispanic. Kids from less affluent families are more likely than ever to be in classrooms with at least thirty other kids, presided over by a low-paid teacher, within a dilapidated building. They are also more likely to live on a pot-holed street, have little or no public transport, and are lucky if they can get into the public library, open four hours a week.

A college degree—the parchment that most clearly divides future winners from future losers—is slipping out of reach for most American kids. Average tuition, room, and board rocketed 26 percent in the 1980s, while the federal government cut low-interest college loans and grants by 11 percent. Public colleges and universities cannot fill the gap, since the states are cutting back here as well: According to the College Board, tuition at public colleges rose 12 percent last year, the biggest single-year jump since 1983. And forget the elite universities. The Higher Education Research Institute at the University of California, Los Angeles, reports that since 1988 prestigious colleges have become more privileged than ever. At the twenty-five most selective schools, students with family incomes of at least \$100,000 a year (the top 5 percent of American families) rose from 31 to 37 percent of the freshman class; students with family incomes of at least \$150,000 rose from 17 to 22 percent. Even need-blind ad-

missions are on the way out. Smith, Brown, and Wesleyan now weigh a prospective student's ability to pay.

If present trends continue, only kids from families safely within the top 20 percent of income-earners can be expected to do better than their parents. These children will have excellent medical care throughout their young lives. Some of them will attend elite private schools, followed by the most selective universities and prestigious graduate schools; others will go to high-quality suburban schools, where they will be tracked through advanced courses in the company of other fortunate children. Their teachers and professors will be attentive to their academic needs. They will have state-of-the-art laboratories, interactive computers and video systems in the classroom, language laboratories, and high-tech school libraries. Their classes will be relatively small; their peers, intellectually stimulating. They will visit museums and attend cultural events. At home they will have educational books, videotapes, and personal computers replete with the latest educational software.

But if present trends continue, these same well-educated people will spend a large portion of their adult incomes fencing off other Americans. Electronic security systems will be more elaborate, security guards more plentiful, and prisons ever larger. A two-tiered society has its costs.

The question, then, is more political than economic. Will America's global winners—possessing almost all the remaining discretionary income in the nation—be inclined to reverse the divergent trend and invest in the productivity of their compatriots who are now losing out? They can afford to do so out of their wage gains alone.

But it is not only rising wages that have added to the wealth of the nation's richest families since 1981. And it is on this additional bounty that the rest of the nation has a strong claim. I am referring, of course, to the windfall created by the Reagan-Bush

experiment in "trickle-down economics."

On February 18, 1981, the newly arrived Reagan administration presented its twenty-six-page plan, titled "America's New Beginning: A Program for Economic Recovery." The premise was deceptively simple. To increase productivity and thus real wages, each worker needed more and better capital equipment. This required more private investment, and that investment could be induced by cutting the marginal tax rate on high incomes and giving tax breaks on investment income.

It was a highly circuitous route toward greater labor productivity, but it was sold to the American people on the basis of an implicit bargain: The nation would forgo revenues that the best-off members of society otherwise would have contributed to the common good, on the assumption that this group would invest even greater sums in factories and machinery—and that such investments would, in turn, improve the productivity and the real wages of workers at the lower end. Our essentially egalitarian society, in other words, would accept a less progressive system of taxation for the sake of gains that would accrue even to the least advantaged.

Eleven years later, the results of the experiment are in. Only half of the bargain has been kept; the total tax burden has become more unequal. The cut in marginal tax rates on high incomes has provided the richest 1 percent of Americans with a huge windfall, on top of their rising wages. The next 4 percent have received a smaller but still significant tax cut. Everyone else's taxes have increased. Meanwhile, state sales taxes and local property taxes—both highly regressive—have soared, adding to the burden on middle- and lower-income citizens.

The various preferences given to investment income have tipped the scales even further, since lower-income Americans do not have nearly the investment income of higher-income Americans. The primary asset of lower- and middle-income Americans is themselves—their own labor. Today the typical American family in the

richest 1 percent has a total income of \$600,000, of which only \$285,000 comes from earnings and the rest—\$315,000—from interest, dividends, and capital gains. The typical American family in the middle 60 percent gets 75 percent of its income from wages and salaries and less than 10 percent from interest and dividends.

In 1980 the United States economy generated 22 cents of interest and dividend income for every dollar of labor income. By 1990, the economy generated 27 cents of interest and dividend income for every dollar of labor income. Capital income grew three times as fast as labor income (adjusted for inflation). The people at the top got almost all the extra pennies.

Were the Reagan-Bush experiment yielding substantial growth in which all Americans shared, this year's \$75 billion windfall to the richest 5 percent of Americans (whose wages, remember, have been rising as well) might be tolerable. A bargain is, after all, a bargain. But the bargain has not been kept. We got the inequality but not the growth. Net business fixed investment fell from 3.6 percent of net national product in the 1970s to 2.6 percent since then. The wages of the average American have continued to decline, those at the bottom most of all.

We know now that the premise of the Reagan-Bush experiment was fundamentally flawed. Too many links were missing in the supposed chain of cause-and-effect leading to increased labor productivity. By and large, rich Americans have not invested their extra wealth in factories, machinery, and equipment. They have consumed their windfall, or they have spent it on real estate projects and other speculative endeavors, or they have invested it abroad (cross-border equity investments have risen 20 percent a year since the experiment began).

But not even the portion of their windfall that the wealthy have invested in factories and equipment here has substantially boosted American productivity. Thus, the other fallacy embedded within the Reagan-

Bush experiment—an emphasis on capital assets in the form of buildings, equipment, and high-tech gadgets, rather than people. One lesson of the last decade is that such assets no longer generate high productivity unless workers possess the education and training needed to utilize them effectively. In the emerging global economy, productivity is more directly related to the accumulation of human capital than to physical capital.

To state the matter another way: In 1992, the United States will provide the top 5 percent of its earners with \$75 billion, on the basis of a bargain that has not been kept. Meanwhile, starved of resources, governments at all levels have cut expenditures on education, training, roads and bridges, and child health and nutrition—investments more directly related to labor productivity than any capital asset likely to “trickle down.” According to the Bush administration's own estimates, in Fiscal Year 1992 the federal government will invest only \$115 billion in human capital and infrastructure.

The social foundation of American society can no longer endure the Reagan-Bush experiment. It is time to call it off. That the wages of the well-educated will rise even after the experiment has ended should not be cause for alarm or envy; it is altogether fitting that they should enjoy a substantial return on their own intellectual labors. But their tax windfall should be terminated and dedicated instead to ensuring that others in our society have an opportunity to fulfill their own potential. That would mean adequate health care and nutrition at an early age, access to better education and training, and use of transportation and communications systems to enable them to become productive.

This shift from “trickle-down” economics premised on financial capital to “grass-roots” economics based on human capital is not only just. It is also the best means of making *all* Americans more productive. For true economic conservatives who believe in the transformative power of capitalism, there is no better strategy. ♦

Letters

Greens and Greenbacks

To the Editors:

Mark Sagoff ("The Great Environmental Awakening," *TAP*, No. 9, Spring 1992) presents a compelling new way of thinking about contemporary environmental politics. But he exaggerates the extent of public support for imposing "caps" or limits on our exploitation of nature.

The new environmentalism may indeed resonate with many traditional American values, but it also threatens another traditional American value, namely private property rights. Even more important, any serious attempt to protect or preserve the natural environment is likely to be extremely expensive. Does Sagoff have any evidence suggesting that "blue-collar greens" are willing to accept a lower rate of growth of personal consumption in order to preserve community values or the spotted owl?

I always thought that stagnating real incomes were part of America's problem; I find it difficult to believe that anyone considers them a solution.

David Vogel
Berkeley, California

Mark Sagoff replies:

Environmentalists (like libertarians) regard pollution as a trespass; therefore, they see an entailment between the protection of property rights and statutes

EDITORS' NOTE: Three articles in *TAP*, "Mainstreaming Marginal Jobs," by Virginia L. duRivage (No. 9, Spring 1992); "The Myth of the Coming Labor Shortage," by Lawrence Mishel and Ruy A. Teixeira (No. 7, Fall 1991); and "Generational Alliance," by Barry Bluestone et al. (No. 2, Summer 1990), were adapted from policy papers sponsored by the Economic Policy Institute. We regret our failure to credit EPI.

that ratchet pollution down to de minimis levels. Only someone with no respect for property rights—who thinks of pollution as an "externality" or "social cost" rather than an enjoined nuisance—could imagine a conflict between pollution control law and the protection of property rights.

David Vogel observes that environmental protection is expensive—as is education, defense, road building, and other public programs people believe are good for the economy. Environmental regulations create jobs (pollution control is a labor-intensive and booming industry) but compared with things like the business cycle, fiscal and monetary policy, technological change, and world events, such regulations have a negligible effect on employment or inflation. All policies produce winners and losers. The handful of working people—soft coal miners, loggers, fur seal hunters—who lose jobs because of environmental regulations may deserve aid or compensation.

Finally, "caps" seek to increase prosperity while limiting throughput. If Vogel believes that the profligate throughput of natural resources into waste products somehow supports economic prosperity, I invite him to consider the situation in Eastern Europe.

World Wariness

To the Editors:

Richard Barnet's indictment of my version of "interest-based" foreign policy thinking ("Domestic Urges, Foreign Obsessions," *TAP*, No. 8, Winter 1992) focuses on four charges. Yet every one either overlooks crucial elements of my approach—as presented in *The Atlantic*—or confirms my principal criticisms of post-World War II U.S. internationalism.

Barnet characterizes interest-based thinking as 1930s-style, isolationistic America First-ism. But he can't be accusing me of ignoring all threats to America's vital interests. I supported a military response to Iraq's attempt to control Persian Gulf oil supplies (although I wish our in-

terdependence-obsessed, criminally negligent energy policies had not made the war necessary). Nor can he be accusing me of wanting to cut America off economically from the world. I want America to sell more to international markets, provided these markets are not solely the creation of foreign aid or dubious loans.

What really bothers him is my approach's unabashed nationalism and unilateralism. But in a world diverse and anarchic enough to guarantee regular discord among states, what choice have we? Interest-based thinking holds simply that when cooperative, mutually beneficial solutions are not possible, America must think of its own interests first, and possess the power to ensure meeting its key objectives. The alternative is to pretend that intractable international problems will never arise, or to define them out of existence—responses brought to mind by Barnet's references to "far-reaching world disarmament and control of weapons traffic," pacifying the Middle East with Marshall Plan-style assistance, and the like.

Contrary to Barnet's accusation, interest-based thinking by no means neglects global environmental, social, and economic issues. As my *Atlantic* article made clear, these issues are inescapable and require internationally negotiated solutions. But as I made equally clear, even though they obviously affect all mankind, different countries inevitably will have different ideas about addressing them. If Americans want their preferences to prevail, they will need to bring superior economic strength to the bargaining table—the kind of relative advantage that by definition only a more nationalistic economic policy can create.

Barnet's criticism of my views on public opinion is similarly selective. I do believe that in a geopolitically secure, largely self-reliant democracy with a significant margin for foreign policy error, majority whims should play a large role in foreign policy decision-making. But I also insisted that Americans be willing to

pay for their whims now, rather than add to the debt of future generations, and that they squarely face up and respond to whatever security risks their whims pose. Unlike Barnet and most other foreign policy analysts, I am less concerned with telling Americans *what* to think about foreign policy issues that inevitably involve many subjective considerations, than in advising them on *how* to think.

Barnet insists that America's economic fate is inextricably tied to that of the Third World. But with the exception of Mexico, a handful of newly industrializing East Asian countries, and some OPEC members, U.S.-Third World trade and investment flows steadily keep shrinking in relative importance. Reversing this trend could help America economically, as Barnet argues. But like most other foreign policy analysts, he ignores the questions "At what cost?" and "In what time frame?" Sadly, experience demonstrates that this order is too tall for a country with limited resources and wisdom, and that we must concentrate instead on second-best but more practical responses.

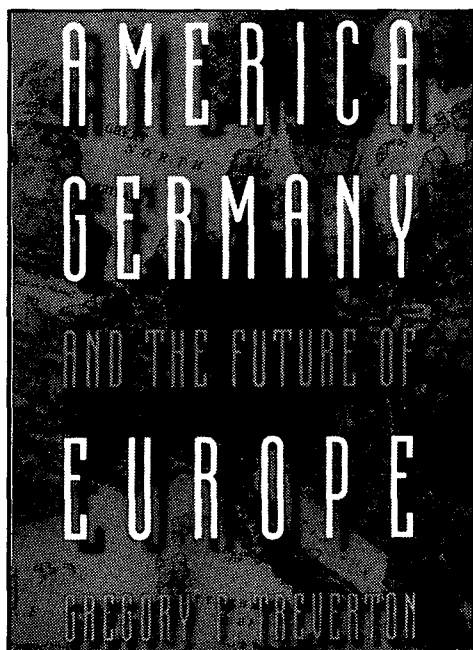
Beyond these specifics, what is most striking about Barnet's critique of interest-based thinking and evident foreign policy outlook is how closely they resemble that of the national security elite he has so powerfully assailed—to the point at which he now respectfully quotes the same Robert McNamara he once so incisively attacked as a key architect of our Vietnam disaster. There is not a president or secretary of state since 1945 who would not gladly have given a speech featuring nine-tenths of the points in Barnet's review. In fact, all of them have.

I recognize that Barnet's wing of the American left has become almost completely marginalized, both in the foreign and domestic policy debates. But is this timid Me-Tooism really the answer?

Alan Tonelson
Washington, D.C.

Alan Tonelson is research director of the Economic Strategy Institute.

Princeton



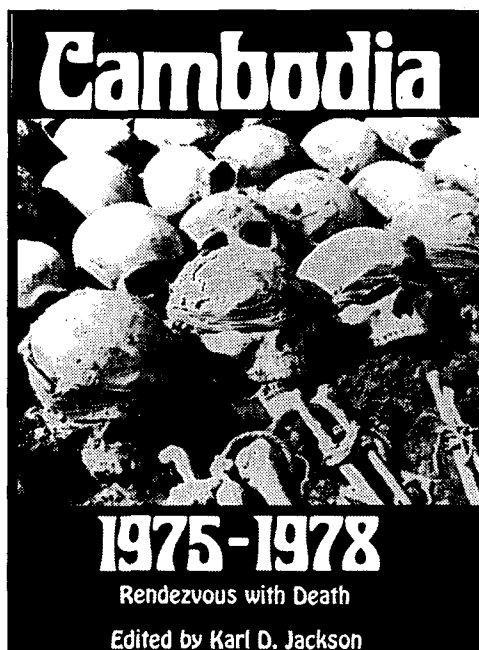
Gregory F. Treverton

The Cold War period began and ended in Germany, where the postwar order collapsed with the destruction of the Berlin Wall in 1989. Gregory Treverton reviews the significant episodes in Europe's history after World War II: the division of Germany; the reconstruction of Europe; the creation of NATO and the decision to station American troops in large numbers in Europe; and the epoch-making French bet, the Schuman Plan and the beginning of European integration.

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The Strong Case for Gun Control

Carl T. Bogus

While abhorring violence, Americans generally believe that gun control cannot do much to reduce it. A majority of Americans questioned in a 1992 CBS-*New York Times* poll responded that banning handguns would only keep them away from law-abiding citizens rather than reduce the amount of violent crime. Many serious scholars have accepted the argument that the huge number of guns already in circulation would make any gun control laws ineffective. Until recently, it has been difficult to answer these objections. But in the past few years, new research has demonstrated that some gun control laws do work, dramatically reducing murder rates.

Gun violence is a plague of such major proportions that its destructive power is rivaled only by wars and epidemics. During the Vietnam War, more than twice as many Americans were shot to death in the United States as died in combat in Vietnam. Besides the 34,000 Americans killed by guns each year, more than 60,000 are injured—many seriously—and about a quarter of a million Americans are held up at gunpoint.

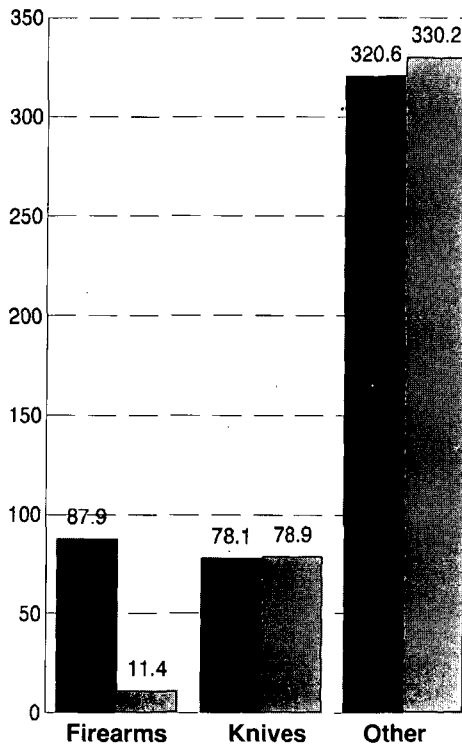
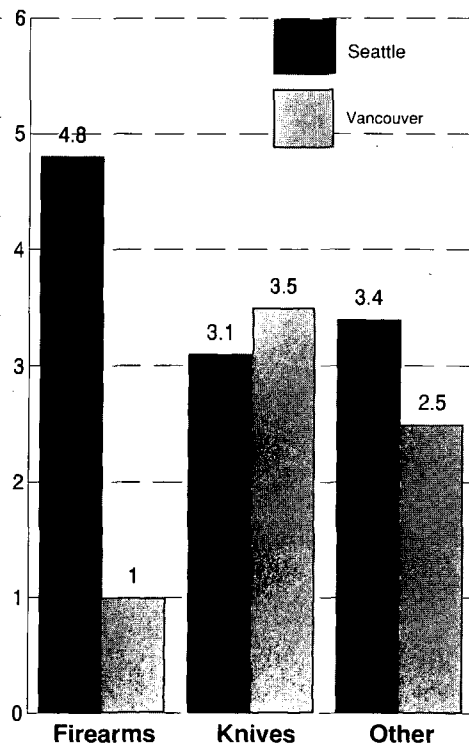
Measures that demonstrably reduce gun violence would gain wide public support. But that has been exactly the problem: A public that approves of gun control by wide margins also is skeptical about its effectiveness and even its constitutionality. Both of these sources of doubt can now be put to rest.

A Tale of Two Cities

Perhaps the most dramatic findings about the efficacy of gun control laws come from a study comparing two cities that have followed different policies for regulating handguns: Seattle, Washington and Vancouver, British Columbia.¹ Only 140 miles apart, the two cities are remarkably alike despite being located on opposite sides of an international border. They have popula-

tions nearly identical in size and, during the study period (1980-86), had similar socioeconomic profiles. Seattle, for example, had a 5.8 percent unemployment rate while Vancouver's was 6.0 percent. The median household income in Seattle was \$16,254; in Vancouver, adjusted in U.S. dollars, it was \$16,681. In racial and ethnic makeup, the two cities are also similar. Whites represent 79 percent of Seattle's inhabitants and 76 percent of Vancouver's. The principal racial difference is that Asians make up a larger share of Vancouver's population (22 percent versus 7 percent). The two cities share not only a common frontier history but a current culture as well. Most of the top-ten television shows in one city, for example, also rank among the top ten in the other.

1. John Henry Sloan, et al., "Handgun Regulations, Crime, Assaults, and Homicide," *The New England Journal of Medicine*, Nov. 10, 1988, pp. 1256-62.

Aggravated Assaults per 100,000 People, 1980-1983, by Weapon.**Murders per 100,000 People, 1980-1986, by Weapon.**

Source: John Henry Sloan, et al., "Handgun Regulations, Crime, Assaults, and Homicide," *The New England Journal of Medicine*, Nov. 10, 1988, pp. 1256-62.

As one might expect from twin cities, burglary rates in Seattle and Vancouver were nearly identical. The aggravated assault rate was, however, slightly higher in Seattle. On examining the data more closely, the Sloan study found "a striking pattern." There were almost identical rates of assaults with knives, clubs and fists, but there was a far greater rate of assault with firearms in Seattle. Indeed, the firearm assault rate in Seattle was nearly eight times higher than in Vancouver.

The homicide rate was also markedly different in the two cities. During the seven years of the study, there were 204 homicides in Vancouver and 388 in Seattle—an enormous difference for two cities with comparable populations. Further analysis led to a startling finding: the entire difference was due to gun-related homicides. The murder rates with knives—and all other weapons

excluding firearms—were virtually identical, but the rate of murders involving guns was five times greater in Seattle. That alone accounted for Seattle having nearly twice as many homicides as Vancouver.

People in Seattle may purchase a handgun for any reason after a five-day waiting period; 41 percent of all households have handguns. Vancouver, on the other hand, requires a permit for handgun purchases and issues them only to applicants who have a lawful reason to own a handgun and who, after a careful investigation, are found to have no criminal record and to be sane. Self-defense is not a valid reason to own a handgun, and recreational uses of handguns are strictly regulated. The penalty for illegal possession is severe—two years' imprisonment. Handguns are present in only 12 percent of Vancouver's homes.

The Seattle-Vancouver study provides

strong evidence for the efficacy of gun control. Sloan and his colleagues concluded that the wider proliferation of handguns in Seattle was the sole cause of the higher rate of murders and assaults. The study answered other important questions as well.

- *Do handguns deter crime?* If handguns deter burglary, the burglary rate in Seattle—where so many more homes have handguns—should have been lower than the burglary rate in Vancouver. But it was not.
- *How often are handguns used for self-defense?* Less than 4 percent of the homicides in both cities resulted from acts of self-defense.
- Perhaps most important: *If handguns are unavailable, will people merely use other weapons instead?* The answer must be “no.” Otherwise, the cities would have had similar total murder rates and Vancouver would have had higher rates of homicide with other weapons.

A more recent study measured gun control legislation more directly.² In 1976 the District of Columbia enacted a new gun control law. Residents who lawfully owned firearms had sixty days to reregister them. After the sixty-day period, newly acquired handguns became illegal. Residents could continue to register rifles and shotguns, provided they purchased them from licensed dealers and complied with other regulations.

The researchers compared gun-related violence in the nine years prior to the law's enactment with the following nine years. They also compared the experience within the District with that of the immediately surrounding metropolitan area. The law was, of course, only in force within the boundaries of the District itself and not in

contiguous areas of Maryland and Virginia that belong to the same metropolitan area, as the Census Bureau defines it.

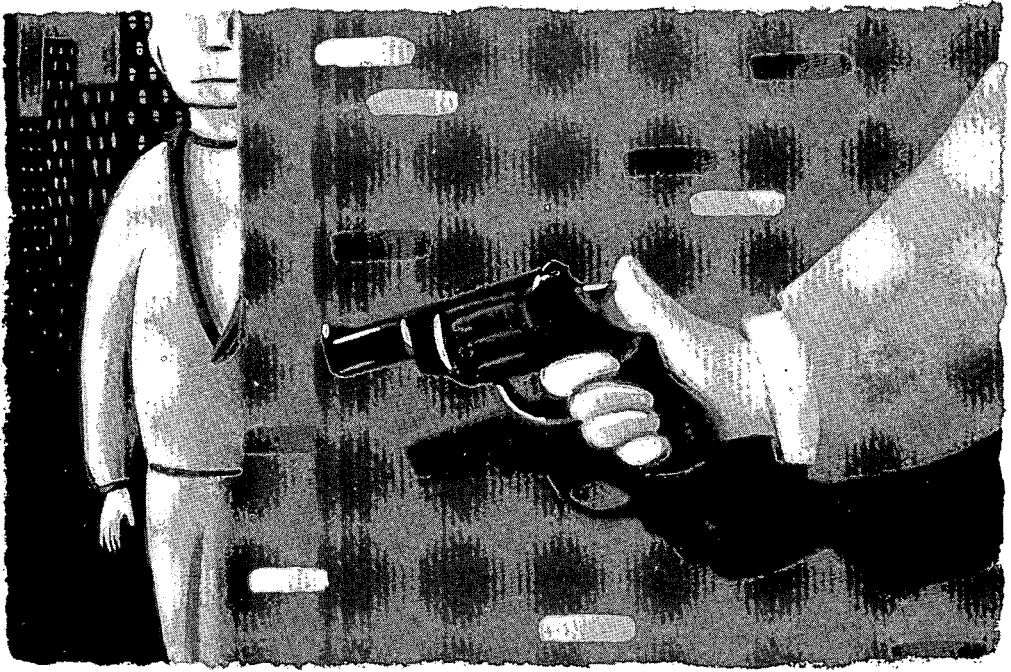
The results of the study were surprising even to the most ardent gun control advocates. Within the District, gun-related homicides fell by more than 25 percent and gun-related suicides declined by 23 percent. Meanwhile, there was no statistically significant change in either gun-related homicides or suicides in the adjacent areas. Here again the data demonstrated that people did not switch to other weapons: within the District there was no statistically significant change in either homicides or suicides with other weapons.

Perhaps most surprising of all was the suddenness of the change. Any decline in murders and suicides was expected to be gradual, as the number of weapons in the district slowly shrank. Yet homicides and suicides abruptly declined when the law went into effect. The D.C. law, therefore, had a significant and virtually immediate benefit.

The D.C. study demonstrates that gun control can work in the United States. Despite the similarities between Seattle and Vancouver, some critics of the Sloan study have suggested that Canada and the United States are sufficiently different to make extrapolations questionable. The D.C. study shows that even local gun control laws can be effective in the U.S. Previously, the prevailing opinion was that only national legislation could be effective. Critics said that if local laws blocked handgun purchases, buyers would simply import one from a nearby area. Many people probably do just that, and there is little doubt that national legislation would be far more effective.

Washington D.C.'s gun control law has not transformed the city into a utopia. It has remained a violent city, and—along with many other large cities—its murder rate rose sharply in the last few years of the study (1986-88), when the use of “crack” cocaine was increasing. Yet the fact remains that for the full nine-year period after the gun control law was enacted, the mean D.C.

2. Colin Loftin, et al., “Effects of Restrictive Licensing of Handguns on Homicide and Suicide in the District of Columbia,” *The New England Journal of Medicine*, Dec. 5, 1991, pp. 1615-1649.



murder rate was more than 25 percent lower and its mean suicide rate was 23 percent lower than in the preceding nine years. The effect of the law was not only immediate but sustained as well.

Why Gun Control Works

The gun lobby is fond of saying, "If guns are outlawed, only outlaws will have guns." What's wrong with this picture?

The National Rifle Association (NRA) slogan leads us to envision two groups—solid citizens and hardened criminals—but the real world cannot be neatly divided into good guys and bad guys. Many people are law-abiding citizens until they become inflamed in a domestic dispute, a drunken argument in a bar, even a fender-bender on the highway. Murder is usually an act of rage; it is more often impulsive than premeditated. In fact, 80 percent of all murders occur during altercations and 71 percent involve acquaintances, including lovers, family members, and neighbors. Only 29 percent of those arrested for murder are previously convicted felons.

Rage can pass quickly, but if there is a gun available, even a few seconds may not be soon enough. Of course, enraged lovers

and brawlers use other weapons, but it is better to be attacked with anything other than a gun. Guns are, by far, the most lethal weapons. The second deadliest is the knife, but knife attacks result in death only one-fifth as often as those with guns.

For the same reason that it is better to face a knife than a gun in a lover's quarrel, it is better to be robbed at knife point rather than gunpoint. There are good reasons to believe that reducing the number of guns in the general population will reduce them in the hands of muggers and robbers. Prison inmates report that they acquired one-third of their guns by stealing them, typically in home burglaries. There are also people at the margin—not yet career criminals but drifting in that direction—who are more inclined to have guns if they are cheap and readily available. And since handguns are lawful almost everywhere, these people do not even have to cross a psychological Rubicon to get a gun.

Many of the people at the margin are youngsters. Nearly 70 percent of all serious crimes are committed by boys and young men, ages fourteen to twenty-four. Many of them are

not yet career criminals. They are the children of despair, kids from dysfunctional families and impoverished communities who thirst for a feeling of importance. They are angry, immature, and unstable. In the 1950s, they carried switchblades, but since the early 1960s they have increasingly been carrying handguns. Packing a gun makes them feel like men, and it just takes a little alcohol or drugs, a buddy's dare, or a moment of bravado to propel them into their first mugging or holdup of a convenience store. Many juvenile robbers say that they did not intend to commit a robbery when they went out. The nation will be a less dangerous place if these kids go out without guns.

There is a frightening increase in the number of youngsters carrying guns. The National Adolescent Student Health Survey discovered that by 1987, nearly 2 percent of all eighth and tenth graders across the nation said that they carried a gun to school within the past year. A third of those said they took a gun to school with them every day, which translates into more than 100,000 students packing a pistol all the time. In just the first two months of 1992, more than a hundred firearms were confiscated in New York City schools.

And kids are not just carrying guns, they are using them. New York City was shaken earlier this year when, moments before Mayor David Dinkins was to give a speech to the students at Brooklyn's Thomas Jefferson High School, a fifteen-year-old pulled out a Smith & Wesson .38 and killed two other students. Had it not been for the mayor's presence at the school, the shootings might not have been front-page news.

It is somewhat disingenuous to be shocked about youths with handguns. Kids emulate adults. They live in a society that has not attached a sense of gravity to owning handguns. In half of the fifty states, handguns are completely unregulated; anyone may walk into a gun shop and buy a handgun just as easily as a quart of milk at a grocery. Most of the other states have only modest handgun regula-

tions; four states, for example, have forty-eight hour waiting periods. Except in a very few locales, automobiles are regulated far more rigorously than handguns.

There are 35 million handguns in the United States; a quarter of all homes have at least one handgun in them. We can tell a teenage boy that he is really safer if he does not pack a gun. But why should he believe adults who keep handguns in their nightstand drawers, even though they have been told that a gun in the home is six times more likely to be used to shoot a family member than an intruder?

For more than a decade some observers, such as Charles Silberman, have noted a rising tide of savagery. Today, for example, my morning newspaper carries a report about a robbery at a local McDonald's restaurant. A man with a pistol demanded the restaurant's cash, which the manager immediately gave him. The robber then told the manager and two other employees to lie down, and proceeded to shoot two to death while one of the three ran away. Not long ago it would have been extraordinarily rare for a robber—with the money in his hand—to kill his victims gratuitously; now it seems commonplace. We may wonder what impels someone to top off a robbery with a double murder, but whatever the motive, the handgun makes that act possible.

We are also witnessing a bewildering escalation in suicides. In 1960 there were about 19,000 suicides in the United States; now there are more than 30,000 each year. (This represents a rise in the suicide rate from 10.6 per 100,000 in 1960 to 12.4 per 100,000 in 1988.) Nearly two-thirds of all suicides in the United States are committed with firearms, more than 80 percent of those with handguns. The rising number of suicides is due almost completely to firearm suicides. While the number of suicides with other weapons has remained relatively stable (even slightly declining over the past two decades), the number of firearm suicides has more than doubled since 1960.

Why should that beso? If someone really wants to kill himself, is he not going to find a way to do so regardless of whether a handgun is available? This is something of a trick question. The rabbit in the hat is the phrase "really wants to kill himself" because suicide, like murder, is often an impulsive act, particularly among the 2,000 to 3,000 American teenagers who commit suicide each year. If an individual contemplating suicide can get through the moment of dark despair, he may reconsider. And if a gun is not available, many potential suicides will resort to a less lethal method, survive, and never attempt suicide again. Nothing is as quick and certain as a gun. The desire to die need only last as long as it takes to pull a trigger, and the decision is irrevocable.

In the Seattle-Vancouver study, the researchers found a 40-percent higher suicide rate among the fifteen- to twenty-five-year-olds in Seattle, a difference they discovered was due to a firearm suicide rate that is ten times higher among Seattle adolescents. Other research reveals that a potentially suicidal adolescent is *seventy-five times* as likely to kill himself when there is a gun in the house.³

This is the one area, however, where the type of gun may not matter. While more than 80 percent of all gun-related suicides are with handguns, research suggests that when handguns are not available, people attempting suicide may just as readily use long guns. But many homes only have a handgun, and reducing the number of homes with handguns will therefore reduce the number of suicides.

What Kind of Gun Control Works?

No one suggests that gun control legislation will be a panacea. Nevertheless, the strong evidence is that the right kind of gun control legislation can reduce murders,

suicides, and accidents substantially in the United States.

First and foremost, gun control means controlling handguns. Handguns account for only about one-third of all firearms in general circulation, but they are used in more than 75 percent of all gun-related homicides and more than 80 percent of all gun-related robberies. No other weapon is used nearly so often to murder: While handguns are used in half of all murders in America, knives are used in 18 percent, shotguns in 6 percent, rifles in 4 percent.

Two basic approaches are available to regulate handguns. One is to allow anyone to have a handgun, except for individuals in certain prohibited categories such as convicted felons, the mentally ill, drunkards, and the like. This approach is fatally flawed. The vast majority of people who end up abusing handguns do not have records that place them in a high-risk category. Whenever someone commits a murder, we can in retrospect always say that the murderer was mentally unstable, but it is not easy to check potential handgun purchasers for signs of instability or smoldering rage. There is no test to give. Many mentally unstable individuals have no record of psychiatric treatment and, even if they do, their records are confidential. Because we want to encourage people who need psychological help to seek treatment, legislation that would open psychiatric records to the government or place them in some national data bank would be counterproductive. Moreover, even someone who clearly falls into a prohibited category, such as a convicted felon, can easily circumvent this system by sending a surrogate to purchase a handgun for him.

The second approach, known as a need-based or a restrictive permitting system, allows only people who fall within certain categories to own handguns. Handgun permits are, of course, issued to law enforcement personnel, but among the general population someone who wants a handgun permit must demon-

3. David A. Brent, et al., "The Presence and Accessibility of Firearms in the Homes of Adolescent Suicides," *Journal of the American Medical Association*, Dec. 4, 1991, pp. 2989-93.

strate a special need. Simply wanting a handgun for self-defense is not enough, but someone who can provide a sufficiently concrete reason to fear attack would be granted a handgun permit. Sportsmen can obtain special permits, but their handguns must be kept under lock and key at a gun club. It may inconvenience them, but when public safety is balanced against recreation, public safety must win out.

Many states have similar systems for permits to carry a concealed weapon in public, but in the United States only New Jersey and a few cities have true need-based permitting systems for handgun possession. Canada adopted this system nationally in 1978.

One of the most difficult aspects of a restrictive permitting system is the development of criteria for the granting of permits. Should a shopkeeper who has been held up at gunpoint three times get a handgun permit? What about a shopkeeper held up once? What about a woman who was beaten by an ex-boyfriend and fears it may happen again? What about a physician who has received death threats because he performs abortions? It is impossible to develop a list of criteria to address every individual instance; someone must have the discretion to make case-by-case decisions. But here disagreement arises. Gun control advocates want this discretionary power vested in the police, preferably the state police, while pro-gun groups favor the sheriffs, who throughout the United States are elected and therefore reluctant to offend constituents.

A second dilemma of selective permitting concerns the inherent nature of discretion. Whenever there is a permit system of this type, pro-gun groups complain about a lack of uniformity. They are often right. No one will ever successfully draw a bright line between those who should, and should not, receive permits. There will always be an unsuccessful applicant who can argue that his or her situation is as compelling as that of someone who received a permit. Short of a system that grants permits either to

everyone or no one, a certain amount of inconsistency is inevitable. To be effective, a restrictive permitting system must lean heavily toward the grant-no-one-a-permit end of the spectrum, allowing only a small number of exceptions in situations of clear need. Applicants should have a right to judicial review to ensure that the authorities are exercising their discretion in good faith.

Handgun registration should be part of a restrictive permitting system. Owners should be required to register their handguns, and a permanent identification number should be engraved on every handgun. All transfers should be recorded. Everyone who has a driver's license or owns a car understands such a system, and even 78 percent of gun owners in America favor the registration of handguns, according to a 1991 Gallup poll.

With one exception, long guns do not present the same kind of threat to public safety as handguns. The exception, of course, is assault weapons. We remember how Patrick Purdy fired his AK-47 into a schoolyard in Stockton, California. In less than two minutes, he fired 106 rounds at children and teachers, killing five and wounding twenty-nine.

The NRA argues that it is impossible to differentiate an assault weapon from a standard hunting rifle—and to some extent it is right. Both hunting rifles and the assault weapons that are sold to the general public are semi-automatic. With a semi-automatic, firing repeat rounds requires pulling the trigger back for each one; with an automatic weapon, one must only pull the trigger back once and keep it depressed. This, however, is an inconsequential difference. A thirty-round magazine can be emptied in two seconds with a fully automatic weapon and in five seconds with a semi-automatic.

The way to regulate long guns, therefore, is to limit the size of magazines. Civilians should not be permitted to have magazines that hold more than five rounds. This simply means that after firing five rounds one must stop, remove the empty magazine

and either reload it or insert another full magazine. No hunter worth his salt blasts away at a deer as if he were storming the beach at Guadalcanal, and therefore this is no real inconvenience for hunters. But as Patrick Purdy demonstrated with his seventy-five-round magazine in Stockton, large-capacity magazines pose an unreasonable danger to public safety and should not be available to civilians.

The gun lobby urges that instead of regulating handguns (or assault weapons), severe and mandatory penalties should be imposed on persons who violate firearm laws. The weight of the evidence, however, suggests that these laws are not as effective. In 1987, for example, Detroit enacted an ordinance that imposed mandatory jail sentences on persons convicted of unlawfully concealing a handgun or carrying a firearm within the city. The strategy was to allow the general population to keep guns in their homes and offices but to reduce the number of people carrying guns on the streets. After evaluating the law, researchers concluded that, at best, "the ordinance had a relatively small preventive effect on the incidence of homicides in Detroit."⁴ The researchers were, in fact, dubious that there was any effect. An analysis of the case histories of more than a thousand persons charged under the ordinance revealed that only 3 percent spent time in prison. With overcrowded jails, judges choose instead to incarcerate people convicted of more serious crimes. This is consistent with other studies of mandatory sentencing laws.⁵

Barriers to Change

The evidence is compelling: A restrictive permitting system for handguns can sig-

nificantly reduce the number of murders and suicides. If this type of legislation were no more effective on a national basis than it was in the District of Columbia, handgun murders and suicides would be cut by a quarter, which would mean saving more than 5,000 lives a year. Tens of thousands of others would be spared serious injury or the trauma of being assaulted at gunpoint. And many millions of dollars would be saved as well; the medical costs of handgun injuries exceed \$800 million annually, 85 percent of which is paid for by public sources such as Medicaid and Medicare.

Public opinion clearly supports gun control legislation. According to a 1991 Gallup poll, 68 percent of Americans believe that firearm laws should be stricter, and 80 percent favor handgun registration. The will of the majority is clear, yet it has long been frustrated. As of this writing, gun control advocates have not even been able to get final congressional approval of a seven-day waiting period for handgun purchases—modest legislation favored by 93 percent of the public.

The nation would probably not tolerate the present level of gun violence if it had suddenly been thrust upon us. But like the proverbial frog who is put in an open pot of cold water on a hot stove and boils to death before realizing the water is getting hot, we have gradually become accustomed to the situation.

Guns have always been part of American culture. The colonists had guns to protect themselves in a hostile New World, and we have romantic images of pioneers such as Daniel Boone and Davy Crockett settling the frontier with the aid of their guns. But while early America was certainly a rough environment, crime was not one of its major problems. In the eighteenth century, Pennsylvania averaged only a single burglary a year and one murder every three years. There were no paid police and no need for them.

In the mid-nineteenth century, as the cities started to grow, they were frequently terrorized by mobs—bands of hoodlums in

4. Patrick W. O'Carroll, "Preventing Homicide: An Evaluation of the Efficacy of a Detroit Gun Ordinance," *American Journal of Public Health*, May 1991, pp. 576-81.

5. Alan Lizotte and Marjorie A. Zatz, "The Use and Abuse of Sentence Enhancement for Firearms Offenses in California," *Law and Contemporary Problems* (1986), pp. 199-221.

some instances, vigilantes in others. Police forces were formed, but they were often too small to confront the mobs, and city residents increasingly armed themselves for self-protection. Meanwhile, a technological innovation made mass production of guns possible: in about 1850, Samuel Colt developed a way to use machine tools to manufacture interchangeable parts for the revolver. Between 1865 and 1885, murders quadrupled and muggings became common. America would never be the same.

This history leads, for many, to a sense of futility. Guns have always been with us, thus guns will always be with us. And the apparent ubiquity of guns in American life is intertwined with the belief that people have a constitutional right to own guns.

Engraved over the NRA's portals in Washington, D.C. is the following statement: "The right of the people to keep and bear arms shall not be infringed." Those words have a sacred ring. More than three-quarters of the public believes that the Constitution guarantees an individual right to own weapons.

But the NRA has taken a pair of scissors and cut the Constitution's actual language in half. The Second Amendment actually says, "A well regulated Militia, being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed." The courts have consistently held that this guarantees only a *collective* right, that is, it gives states the right to have armed militias, not individuals the right to own guns.

The U.S. Supreme Court has handed down three decisions touching on the Second Amendment. In the most recent—the 1939 case *United States v. Miller*—a man was convicted of transporting a double-barrel shotgun in interstate commerce, in violation of federal law. He argued that the legislation was invalid because it violated his rights under the Second Amendment. In affirming the conviction, the Court held that the Second Amendment must be inter-

preted and applied in the context of the government's organizing, arming, disciplining, or calling into service the militia.

In many court cases since 1939, the NRA has argued that the Supreme Court did not rule definitively on the Second Amendment in *United States v. Miller*, but time and again the courts have held otherwise. For example, a federal court of appeals specifically rejected the NRA's argument when it held that the Second Amendment did not prohibit the village of Morton Grove from banning handguns within its borders. On issuing an injunction ordering the Texas Emergency Reserve (the military arm of the KKK) to stop conducting paramilitary training and parading with firearms, a federal district court, citing *Miller*, held that the Second Amendment only guarantees that weapons can be kept and borne within the context of a militia organized and regulated by the state. These are but two of many such rulings, including decisions by the federal courts of appeals in the first, third, fourth, sixth, seventh, and eighth circuits. No contrary authority exists.

Seldom, if ever, has there been such a wide chasm between a popular myth of what the Constitution provides, on the one side, and what the Constitution actually says and how the courts have interpreted it, on the other. Both liberal and conservative lawyers, judges, and legal scholars are amazed at how thoroughly the phrase "right to bear arms" has been taken out of context and emblazoned upon the American consciousness. Former Chief Justice Warren E. Burger has said that the Second Amendment "has been the subject of one of the greatest pieces of fraud, and I repeat the word fraud, on the American public...that I have ever seen in my lifetime."

One might expect that Americans believe that the Constitution guarantees a right to bear arms because they favor such a guarantee, but that is not the case. While the overwhelming majority of Americans believes the Constitution *does* guarantee the right to own a gun, only 39 percent believe that it *should* guarantee that right.

The Gun Control Paradox

We thus have the makings of the gun control paradox: The majority would like to have gun control but they don't believe they can. They doubt it would work; they doubt it is constitutional. They want gun control in the same way that they would like to have the nation powered by solar energy—it is more a dream than a potential reality. This allows a committed minority to control the issue.

The shifting stances of two Pennsylvania politicians illustrate what this means in the political realm. In the late 1960s and early 1970s, Arlen Specter was the district attorney for Philadelphia and Richard L. Thornburgh was the United States attorney in Pittsburgh. Both of these bright young prosecutors knew something about crime, and both were ardent supporters of gun control legislation.

Thornburgh felt so strongly about it that he wrote an article for the *American Bar Association Journal*, in which he said that "the relatively unregulated handgun...constitutes the single biggest threat to the well-being of our police in the performance of their duties." Only those "who can affirmatively establish a legitimate need to do so" should be permitted to have handguns, said Thornburgh, adding that all handguns should be registered and all owners photographed and fingerprinted.

Subsequently both Specter and Thornburgh ran for statewide office—Specter for the U.S. Senate and Thornburgh for the governorship and later the Senate. Each took stock of the fact that there are hundreds of rural miles between Philadelphia and Pittsburgh and that Pennsylvania has the second-largest NRA membership in the country (only California is larger). Each decided that gun control was not such a good idea after all.

Specter has consistently voted against gun control bills in the Senate, and when he was Governor, Thornburgh earned an "A" rating from the NRA for an unswerving

opposition to gun control. Both have been amply rewarded. The NRA's political action committee spent \$111,757 to support Specter's reelection to the Senate in 1986 and more than \$50,000 to assist Thornburgh's Senate race in 1991. Thornburgh ultimately lost, but not because of his gun control stand; his opponent, Harris Wofford, also opposed gun control during the campaign.

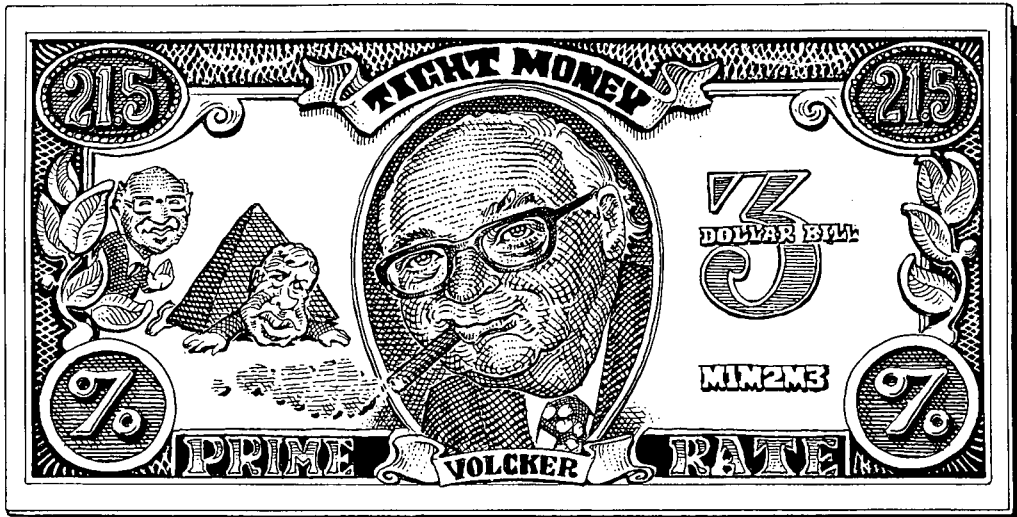
Blame for the failure of gun control is generally laid at the feet of the NRA, but the problem is not so much a zealous minority as it is a quiescent majority. There has not been a sufficiently clear understanding of why the majority of Americans want gun control but do not want it enough to make it a priority in the voting booth. Much effort has been wasted describing the magnitude and horror of gun violence in America. The gun lobby has taken one broadside after another—from television network specials and newsweekly cover stories—all to no avail.

In talking about the horror of gun violence, however, the news media are preaching to the converted. Americans are aware of the level of gun violence, and they detest it. But news specials decrying gun violence may unwittingly have the same effect as the entertainment media's glorification of gun violence. They only reinforce a sense of hopelessness. If things could be different, Americans think, they would be. Otherwise, the carnage would not be tolerated. The media portrayals may also have a numbing effect. Research shows that if people are frightened but believe there is no way to escape or to improve conditions, the fear becomes debilitating.

Majority passivity is rooted in the belief that the status quo is immutable. It is this attitude that gun control advocates must try to change, by communicating the evidence that gun control laws do work. Americans know how bad gun violence is; they must now hear the evidence that reducing the violence is possible. ♦

Life After Tight Money

James K. Galbraith



R. Jones-92

If the American economy is now starting to recover, Alan Greenspan's relentless cutting of interest rates surely deserves the credit. Short-term interest rates today are half what they were two years ago, and narrow money growth from October to March roared forward at a 15.3 percent annual rate. The prudent epigone, Paul Volcker's successor and shadow for his first three years as Federal Reserve chairman, Greenspan has now made his own mark by tailoring an economic expansion to George Bush's reelection needs.

A cynic can find some amusement in this by scanning the business press for protests from monetarists and other conservative types who would surely be heard from were the administration Democratic. But politically motivated or not, Greenspan's policy is a fundamental departure from the conduct of monetary policy for the previous twelve years. It is the final, final end of the Volcker era, the final failure of the conservative monetary policy dream, and it ought to open a new debate over what has

been since 1979 a politically closed subject.

To recall: In October 1979 Paul Volcker imposed his anti-inflation shock therapy—supertight money and superhigh interest rates. This was the "October Surprise" that truly ruined the Democratic Party. It led to President Carter's defeat and set the stage both for the deep recession of 1981-1982 and for the strong, noninflationary but debt-ridden recovery that carried Ronald Reagan to reelection triumph in 1984.

Despite the political consequences of his actions, Volcker was never accused of political motivation. To the contrary, even his sharpest critics gave him credit for a deeper purpose, based in part on the advanced academic economics of that time. This was to use a temporary bout of very tight money not only to cut the rate of inflation but also to change the image of the Federal Reserve. By establishing once and for all that the Federal Reserve would not tolerate inflation, expectations of inflation would be driven out of the system. With inflation expectations tamed, the theory

went, sustained growth without renewed inflation would again be possible, and the pain would be justified by benefits over the long run.

As late as 1986 or 1987, one might have believed that Volcker had succeeded. Inflation did fall, and even with recovery it stayed below half of its former peak. U.S. economic performance was good, especially in international perspective. The United States had apparently reconciled real economic growth rates between 3 and 4 percent per year with stable inflation of about the same amount. We had also reduced unemployment from 10 to 6 percent, creating 13 million new jobs (by 1987). Eventually the expansion became the longest on the postwar record, a fact that administration and Federal Reserve supporters did not fail to cite.

But could it continue? Today we know the answer: Volcker's expansion could continue only so long as the government chose to tolerate an overvalued dollar and an unsustainable deficit in the balance of trade. When the dollar came down, consumer price inflation gradually edged up, reaching 6.1 percent in 1990 (with help from Saddam Hussein and the Persian Gulf crisis). From 1989 on, Greenspan's monetary policy reacted to rising inflation in the old style, with tight money and high interest rates leading inexorably to recession.

Thus it turned out that the gains from Volcker's war on inflation expectations were temporary. Rather, the battle must be waged again and again over the same scarred terrain of unemployment, human misery, industrial dislocation, and social decay. Greenspan's recovery is from Greenspan's own recession, and it portends rising inflation and yet another recession later. It is perhaps time to ask whether we need some new tactics, some new technologies, or some new generals.

The Budget Diversion

Throughout the 1980s, of course, many people believed that economic policy was on a road to perdition. But for a complex of

reasons, attention focused on the budget deficit and not on the Federal Reserve. In this view the Federal Reserve was mainly an innocent bystander; the real villains were big spenders and antitaxers who together tolerated deepening budget imbalance. Investment bankers, Democratic politicians, foreign central bankers, business journalists, and some professional economists formed a Greek chorus on the irresponsibility of it all. They insisted that the prosperity was merely borrowed and warned sternly that cutting "entitlements"—a code word for Social Security—or raising taxes would be necessary to avoid national financial ruin.

This argument virtually exempted the Federal Reserve from responsibility for any eventual debacle and conveniently overlooked two facts: that interest on the public debt, an item not insensitive to high interest rates, was the fastest growing element of public expenditure, and that a tight monetary policy constricted both private incomes and tax collections. Given these facts, it is not surprising that the deficit diversion drew support from Volcker himself, for whom it could serve as a scapegoat if (more likely, when) things went wrong.

But the deficit was just a symptom of the deeper economic problem. Indeed, the stagnation trap of recent years has only recapitulated with minor variations a long-standing pattern of the American business cycle. In each expansion of the 1960s and 1970s, the early years were the best years. In the immediate aftermath of a recession, investment invariably picked up, productivity rebounded, a still-soft labor market held back money wage demands, and the combination of these conditions generated non-inflationary growth. But these conditions never lasted. Each modern business cycle expansion came to an end amid slowing productivity growth and rising inflation. And, of course, when policy reacted by hiking interest rates and curbing growth, the budget deficit would rise. In a sense, it was Volcker's policies that gave us the \$200 bil-



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lion deficits of the early 1980s, and it is Alan Greenspan who has given us the \$400 billion deficits with which we begin the 1990s.

While attention focused on budget deficits, many overlooked the critical effects of a more important phenomenon: rapid economic globalization. Rising trade in manufactured goods, a veritable flood of imports after 1983, split apart the wage structure. Cost competition held down wage increases in vulnerable industries, notably labor- and materials-intensive sectors like textiles and cars, and prevented wage increases in the more successful sectors (such as aerospace and communications) from spreading to the less successful ones and driving up costs and prices.

Thus globalization delayed the rise in inflation and so prolonged the growth phase of the 1980s expansion. But unlike the costless "reduction in inflation expectations" that was supposed to be doing this job, low-wage imports cost many American workers their jobs. They also tended to substitute a large trade deficit for rising inflation as the primary symptom of macroeconomic instability. In the policy arena, trade conflicts tended to crowd out discussion of inflation. Yet it remained true that when policy finally moved to reduce the trade deficit, with progressive dollar depreciation after 1985, rising inflation would

eventually follow so long as the economy was allowed to continue to grow.

Paul Volcker seems to have suspected that his miracle was unsustainable when he resigned in the summer of 1987, as I wrote then, "in the nick of time." And thus it was that Alan Greenspan, the man who wanted in the worst way to be a central banker, got his wish. The economy at the moment of his appointment was not yet in crisis, so he could hardly have called for a state of emergency and the draconian measures on which central bankers build their legends. Nor could Greenspan hope to sustain a noninflationary expansion through the whole of his term in office. Greenspan was fated to preside over a slow destabilization for which he would be blamed (not least, by a scapegoat-hunting Bush administration). His only choice was between a recession before an inflation crisis, or after.

Greenspan's Choice

Greenspan chose to slow the economy, raising interest rates and constricting the growth of money to hold inflation in check. From 1987 on, the screws tightened and the growth rate fell. By 1989 real growth was less than the growth of population, and the economy was stagnant. By mid-1990 stagnation had turned into recession, and by late 1991 hopes for recovery, once quite

strong, had actually faded. They did not return until heroic year-end cuts in interest rates brought them back in the spring of 1992. There would be no inflation crisis for a simple reason: the fire fighters flooded the house before the fire began.

Today the Federal Reserve seems mainly interested in generating enough of a recovery by the summer and fall of 1992 to assure George Bush's reelection. So short-term interest rates continue to be cut. But the spread between short- and long-term rates, which is nearly the highest in memory, tells us that the markets are convinced that short-term interest rates will go right back up as soon as the recovery is solidly established—or perhaps, as soon as the election is over. While long bond rates have declined somewhat, they remain extremely high and they spring upwards at the slightest hint of economic improvement. This is a sure sign that the markets fear the fire fighters more than they fear the fire.

Thus the 1990-1992 recession punctures the myth that sustained stable growth without inflation can be achieved by stable monetary policies and laissez faire in all

It is perhaps time to ask whether we need some new tactics, some new technologies, or some new generals.

other domains. If the recovery does take hold, then the acceleration of inflation will probably resume, as happened following previous turn-of-the-decade recessions in 1960, 1970, and 1980. If the recession takes another dip after the election, then another temporary noninflationary recovery may yet be in store—but only after an enormous amount of permanent industrial and social damage will have again been done.

Is there a way to keep this grim cycle from repeating? There is, but we will need a monetary strategy that is less disruptive,

that destroys fewer lives and livelihoods, that maintains a higher average standard of living, that is not so readily abused by politicians and politicized central bankers. Shouldn't we now at least be prepared to talk about serious reform in this area, if that will help us break out of the destructive policy patterns of the past twenty years?

Reforming the Federal Reserve

Monetary reformers on both the left and the right call for stable growth fueled by low real interest rates. They often argue that institutional reform of the role and structure of the Federal Reserve is a necessary means to this end. Since there is a wide array of such suggestions, a brief critical survey at this point will be worthwhile.

Monetarist economists, led as always by Milton Friedman, still argue that the road to monetary stability requires setting the Federal Reserve on automatic pilot. They claim that nobody, not even the most public-minded central banker, knows how properly to lean against the wind and that a fixed rule to dictate the rate of money growth is required. But with technical monetarism in even more disarray than usual (over, as ever, how best to define the concept of money), this idea is now somewhat out of fashion. In its place, we have proposals to give the Federal Reserve a clear and single-minded mandate to seek a zero-inflation outcome. These proposals, rooted in the New Classical Economics that has displaced monetarism in academic life, pass nowadays for a "new intellectualism" at the Federal Reserve Board. They have strong support from Governor Wayne Angell and even a perfunctory endorsement from Chairman Greenspan.

A zero-inflation policy would free the Federal Reserve from obligations even of lip service to its present Humphrey-Hawkins goals of full employment and full production. It is therefore a prescription for returning, with a vengeance, to the shock therapies of 1979-1981. A new recession would, with luck, eliminate the remaining market power of workers—labor markets

would be made truly competitive by the simple device of crippling the industries that are presently competitive, in the other sense, on world markets. Meanwhile, construction and other cyclical workers would lie idle, and those in open competition with Third World products would see their wages fall even more. And as inflation rates fell while interest rates rose, business bankruptcies, mortgage foreclosures, and bank failures would rise. It is easy to see why the call for a zero-inflation policy remains somewhat hypothetical, and why Alan Greenspan has held off, so far, on issuing an enthusiastic endorsement. What will happen after the presidential election is anybody's guess.

Progressives and populists, from the money radicals of the late nineteenth century to Wright Patman to latter-day populists like William Greider, have coupled calls for easy money and low interest rates with demands for a more democratic and politically accountable central bank. They make this link for the quite plausible reason that the structure of the Federal Reserve System presently reflects the power of creditors who prefer "sound" money and slow growth to any risk of inflation or increased bargaining power of workers. This, of course, reflects compromises that were made at the very beginning of the Federal Reserve in 1914.

There are really two separate ideas on the left. One is to rationalize the process of monetary policymaking by making it more responsive to and better coordinated with the other economic policies of the executive branch. The other is to make monetary policy more open and accountable to the people, in part by improving oversight procedures in Congress and in part simply by making monetary policymaking more transparent, on the general (and completely correct) presumption that secret policies are not to be trusted.

Small "d" democrats can find plenty of flaws in the Federal Reserve's structure. The composition of its principal decision-

making body, the Federal Open Market Committee (FOMC), is probably unconstitutional, since the five regional Federal Reserve bank presidents who rotate on and off this committee are not "officers of the United States" under the Constitution's appointments clause. The Federal Reserve's own budget remains uniquely immune from congressional appropriations. Rather, the Federal Reserve "earns" its budget as interest on the portfolio of national debt it holds, subtracts what it needs for its own purposes, and returns the remainder as "surplus" to the Treasury. Or again, the FOMC and the Board of Governors are unusually exempt from normal federal sunlight and record-keeping requirements.

Fixing these undemocratic defects would on many grounds be a good thing. But what difference would it make for policy? Greider and Bernard Nossiter, to name another journalist active in this debate, have championed the subordination of the Federal Reserve to the Treasury Department. They argue that an "integrated" central bank would tend to pursue an easier policy, accepting higher inflation on average and achieving a lower rate of unemployment.

Conservatives deny, of course, that the Federal Reserve could manipulate the trade-off between unemployment and inflation over the long run even if it chose to do so. If we accept in principle that it could, we must still ask whether a choice of lower unemployment would be more likely under strict Treasury supervision than at present. In other words, is there a divergence of interest or a failure of policy coordination between the Federal Reserve Board, or the FOMC, and the administration?

For Republican administrations, as well as for Democrats of the late-Carter stripe, there is arguably no fundamental conflict between Federal Reserve policy and administration desires. On the contrary, the nominal independence of the Federal Reserve is often a political convenience. It enables the President to pretend both to insulate himself from the fallout of tight

policies and to espouse an easier monetary policy than in fact he favors.

Putting the Federal Reserve under the Treasury would force the administration to invent another bogey (the role now played by the Bundesbank in, say, France or Britain might serve as a model). But it is doubtful that the independence of the Federal Reserve has fooled voters much; they

Reform demands not only a radical reconsideration of the Federal Reserve's structure and responsibilities but also a systematic integration of international and domestic policy considerations.

remain resolutely willing to punish an incumbent administration for stagnation (1970, 1974, 1980, 1982 and, I hope, 1992) and to reward it for growth (1964, 1972, 1984). Republican presidents know this (Democrats have been known to forget) and therefore do not allow the Federal Reserve to escape from partisan control. So long as Republicans and conservatives are in power, making partisan control explicit probably would not change policy very much, and the main merit of putting the Federal Reserve under the Treasury Department would be simply to assure that monetary policy changes course when an administration changes hands.

Proposals to make the Federal Reserve more accountable to Congress reflect a slightly different argument, namely that sometimes there are strong reasons why the institutional interests of the Federal Reserve and the administration differ from those of Congress. For one thing, Congress, relative to the executive branch, is a stable institution that likes a stable economy. Representatives make careers of their jobs; they face their constituents every weekend and their voters every two years. Thus they

don't like recessions, and especially not off-year recessions patently geared to producing reelection booms two years ahead. There are no off-year elections to Congress.

Increasing Federal Reserve exposure to the Congress thus has the practical effect of turning up the volume of congressional criticism of the Federal Reserve during recession years, and this is generally a stabilizing influence on policy. Increased congressional oversight was the purpose of a series of actions beginning in 1975 and continuing through the Federal Reserve Act amendments in the Humphrey-Hawkins Act of 1978, which established a regular schedule of congressional oversight hearings on monetary policy. In that case, and not by accident, Congress framed the reporting requirements so as to encourage a more stable policy (for example, by specifying that monetary targets be given on an annual basis, by requiring that they be accompanied by an economic forecast, and by tracking over time the growth of money in relation to past targets). The design of the oversight was flawed and the implementation weak, but the intent did reflect a true congressional desire for stability that actual Federal Reserve policy has not displayed.

Congress has also occasionally risen in mild rebellion against the worst excesses of shock treatment. During the peak of the Volcker money crunch, legislative initiatives included bills to make lower interest rates a statutory objective and to require coordination of monetary and fiscal policies in the budget process. Earlier, legislation to curtail the Federal Reserve's independence of Congress was a favorite tactic of a great advocate of lower interest rates, Texas Congressman Wright Patman. In recent years, proposals by Congressmen Lee Hamilton of Indiana and Byron Dorgan of North Dakota would place the Federal Reserve's expenditures under the budget. These proposals stand little chance of passage in ordinary times, but their repeated introduction by senior members of Congress does warn the Federal Reserve that

there may be limits to how far destabilizing policies can be pushed.

The single most useful reform on behalf of congressional accountability would require immediate public announcement of all Federal Open Market Committee directives, which make monetary policy. The practical effect of these directives is almost always largely transparent to the markets, and their concealment has only one real purpose—to blunt their impact as news and therefore their vulnerability to congressional and public criticism. The present practice of releasing an old directive only after a new one has replaced it kills the news value of the FOMC's decisions and makes it all but impossible for Congress to make monetary policy a subject of debate. Milton Friedman long ago suggested that the proper procedure would be to make and implement the FOMC decision on Friday, releasing the directive itself to the papers on Monday morning. This remains an eminently sensible suggestion.

Even so, the generic difficulty with congressional oversight of monetary policy would remain, which is that it offers little political mileage, and at least some political risks, for members of Congress. The Federal Reserve under G. William Miller, Paul Volcker, and now Alan Greenspan has become more open to congressional questions about policy than it had been under Arthur Burns, but someone still has to care enough to ask the questions. Henry Reuss, chairman of the House Banking Committee until 1981, was such a person, but there has not been a similarly active banking chairman since. In the Senate, oversight suffered from the departure of William Proxmire.

In the end, the more tractable issue may be not whether the Federal Reserve system can be brought under the control of the Treasury and Congress but whether it can be more effectively detached from the influences of the large commercial banks. Such influence is now built into the system, and a reform package could do worse than to take it out. For

example, Congress could pass the Hamilton-Sarbanes proposal to remove the five banker-influenced regional Federal Reserve bank presidents from their voting role on the FOMC. (The regional presidents often take strongly conservative ideological positions, and rumor has it that the board in Washington would not be unhappy to see them go.) The membership system, which conveys a nominal ownership of the Federal Reserve banks on their commercial bank members, could be ended. To achieve true regionalism without private bank ownership, the boards of directors of the regional Federal Reserve banks, which now include local bankers by statute, could be reconstituted as state government appointments. The budget of the whole system should be brought into the Federal budget. These actions would abolish the visible symbols of private affiliation the system now has. Although in some respects they are symbolic, they might make life easier for a future administration that wanted an easier policy, whether or not the policy decisions of the Federal Reserve itself were brought directly under executive control.

However necessary institutional changes are in the Federal Reserve, they are not sufficient. Under a progressive administration committed to high growth and structural reform, subordination of a hostile Federal Reserve Board would be essential. But what else does a high-growth path require of monetary policy?

A Low Interest-Rate Boom

Nobody doubts anymore that the Federal Reserve does control short-term interest rates. Long-term rates are another story; and without lower interest rates across the spectrum, even Alan Greenspan's aggressive recent easings have remained only partly effective. Low short-term rates are effective especially in lowering the dollar and relieving business debt burdens. But only low long-term rates can unleash the kind of capital spending that a major rebuilding of America's manufacturing capacity and infrastructure will require.

The key problem is obviously that old conservative bugbear, policy credibility. If long lenders believed, as they do not at present, that short rates were going to stay down, so that a series of short-term borrowings could plausibly substitute for a single long bond issue, then long-term rates would have to come down. The question is, how to achieve this result?

Part of the answer is that Alan Greenspan cannot achieve it. For long rates to come down, investors must believe that short rates will stay down. But this belief is something that a right-wing, antigrowth, rentier-dominated, "stagnationist" board allied with a do-nothing administration cannot deliver, especially in an election year when many suspect that the commitment to low short rates will end on the first Tuesday in November. Only a new administration, followed by a new Federal Reserve Board achieved by whatever means, can make the credible precommitment to sustained low interest rates that a climate of low long-term interest rates will require.

With a new administration and board in place (I am evading the problem of getting the requisite vacancies in a timely way), policy could take certain steps to reinforce its resolve. For instance, the Treasury could suspend the issue of long-maturity bonds pending an interest-rate drop, as recommended by Professor James Tobin and others. And the Federal Reserve could act to buy back long bonds in the open market, raising their price and reducing their yield.

With an across-the-board fall in interest rates, borrowing for long-term capital investment would return to the American scene. Such borrowing was virtually absent in the 1980s, when businesses relied almost entirely on retained earnings for their investments, and bank lending went off instead into mergers, acquisitions, and real estate speculation. In most respects, a capital investment boom would be a very good thing. The nation needs houses, roads, ports, airports, mass transit, environmental protection, and an accelerated renewal of its industrial capital stock. In recent years the

construction sector has substantially downsized; apartment construction in particular is down by nearly half. Construction equipment, farm equipment, and machinery manufacturing of all kinds took a vicious beating in the early 1980s, and a good capital boom (though it might have to rely heavily on imports at first) might help to restore these sectors.

A low interest-rate policy would also have progressive distributive effects. Holders of real capital assets and land would gain at the expense of holders of money and the more liquid short-term debts. The middle classes would benefit mightily from a reduction in interest on their floating-rate consumer and mortgage debts. While there might be some losers among the rich, the really big losers would seem to be foreigners with relatively liquid claims valued in dollars and those few institutional entities such as bond-trading firms (why does the name Salomon Brothers come to mind?) that specialize in speculative movements in bond markets.

The biggest and most systematic distributive effect of a low interest-rate policy would be on the government itself, in its role as the sole issuer of the national debt. Low interest rates and a capital investment boom would cut government expenditure and raise revenue. Every macroeconomic model verifies this dirty little secret, that lower interest rates would powerfully rectify the financial problems of the government. (Indeed, artificially projecting lower future interest rates has been for years a favorite trick of budgeteers who wished to disguise the size of future deficits.)

Undeniably, there are also risks. For one thing, a simple credit boom has inherently unstable properties. Those who fear that the low-rate environment will not last may borrow in advance of their own needs, in the hope of capitalizing on a subsequent rise in interest rates. These speculative movements in credit demand, which tend to grow if expectations of a rate rise increase, can put

immense strain on a low-rate policy. For this reason, a sustained low-interest rate policy presupposes some regulatory or administrative safeguards on credit flows, so as to discourage speculative moves against the policy itself. Even quick examination of sustained low-interest policies in other countries, such as Japan and France from the 1950s through the 1970s, reveals that such quantity safeguards, whether in the form of light-handed "guidance" from the central bank to the commercial banking system in Japan or the strict quantitative limits on new lending in France, were almost always in effect. Without such regulation, the ability of a low-interest policy to withstand speculation is doubtful.

Eventually, too, there could be an inflation risk. At first, excess capacity, foreign imports, and the generally cowed character of the labor markets will keep inflation at bay. But it is likely that the move toward sustained low interest rates will trigger dollar devaluation, raising import prices in advanced product lines (those imported from industrial countries against whose currencies the dollar would fall) and strengthening the bargaining hand of the strongest elements of American labor.

Conservatives are aware of all this, which explains in part their opposition to a low interest-rate policy. Achieving a stable, low, short-rate policy will not be easy insofar as American politics and particularly the Republican Party are now dominated by a rentier class, enriched under Reagan and Bush and protective of the sources of its wealth (as, for example, clipping coupons and speculating on asset prices).

But assuming that political obstacles can be overcome, a progressive government must also be prepared to meet by other means the main economic contingencies that might cause its low-interest rate policy to be abandoned. Chief among these, once again, is the eventual return of inflation.

Granted, some inflation can be tolerated, and external inflationary shocks cannot always be avoided. But some inflation risks can and must be managed. These are (1)

inflation that stems from rising unit costs due to declining productivity growth; (2) wage-push inflation resulting from higher growth and increased labor bargaining power; and (3) the spillover from asset-market speculation into the prices of currently produced goods.

Dealing with the first of these risks would require an effective policy to boost productivity, if one can be found (that, alas, is yet another story). Dealing with the other two would require measures of credit regulation and a wage-price policy—a return, however unpleasant, to the politics of inflation control. Indeed the whole job of sustaining a low-interest rate policy begins to look extremely daunting, and we might as well face the reality that it must be imbedded in a larger project of reform.

Comprehensive Progressive Reform

CPR—comprehensive progressive reform—demands not only a radical reconsideration of the Federal Reserve's structure and responsibilities but also a systematic integration of international and domestic policy considerations. Such reform is consistent with much of the low interest-rate and democracy/accountability programs, but it goes far beyond them in an effort to create a climate in which these programs can succeed over the long term.

The first priority must be to restore growth and profitability, if necessary by heroic means, recognizing that a strong and sustained economic recovery is not likely to occur on its own. From the 1950s through the 1980s, recessions were perceived to be quickly self-liquidating. Either the economy itself, via investment and consumers' durable purchases, would bounce back once interest rates fell, or the government would reliably cut taxes and enact jobs programs to provide the necessary boost.

These mechanisms, however, are now blocked or muted. Long-term interest rates are caught in the Catch-22 I have described. Neither households nor businesses wish to borrow at such rates; a shell-shocked banking system probably wouldn't lend to them

even if they did. And the government's fiscal efforts this time are primed to be reversed early next year. The biggest kick, which is coming from the president's order to reduce tax withholding, will be taken dollar for dollar out of tax refunds and spending power in April 1993. Moreover, the flow of civilian spending contracts has clearly been accelerated to beat the election, while military cuts (such as the Seawolf program) have been delayed.

In this situation, a 1993 tax cut would be the quintessential quick fix, with some advantages and many dangers. In the short run, it would boost profitability, trigger new consumption expenditure, and provide households with new cash flow to service debts. But we are no longer living in 1964, or 1981 for that matter. Even a true middle-class tax cut, such as converting the personal exemption for children to a refundable credit, will create problems if enacted on its own. Any middle-class tax cut in 1993 must be substantially recouped, beginning say a year later, by raising taxes on the rich. Otherwise, as soon as demand begins growing, so will demand for imports, and the trade deficit, which took a dip in the recession, will again soar.

Over the medium term, there can be only one principal source of net demand growth for the American economy and that is export demand. The late 1980s showed conclusively that the United States remains competitive in large export markets in the industrial world. At the right dollar exchange rate, we can still sell aircraft, communications equipment, chemicals, and computers eyeball to eyeball with anyone. But the late 1980s also showed that our competitive strengths are no longer great enough, in relation to our economy, to support our living standards at full employment. To restore these strengths, both on the demand side and on the supply side, is the primary task that medium-term economic policy must face.

On the demand side, the requirements would include: strong growth in the world economy; a competitively priced dollar;

renewed growth in Latin America and other debt-afflicted regions as part of a combination of economic reforms and debt cancellation—both long overdue; and a substantial U.S. commitment to the reconstruction of Eastern Europe and the successor states of the Soviet Union.

The instruments of diplomacy and political and financial power must be turned to these objectives, notwithstanding the contrary ideological positions of certain foreign partners, such as the Bundesbank.

An Infrastructure Boom

On the supply side, the government must address long-neglected obligations. The country needs an infrastructure program, and its schools and universities need money as well as reform and good intentions. There are large unmet human needs with long-term economic implications, for national health care, child care, and housing. Further, the social function served by the military's support of science, engineering, materials research, and product development in aerospace, electronics, and communications needs to be taken over in an orderly and sustainable way by the civilian sector. These programs, moreover, must be viewed not as countercyclical or temporary measures but as permanent commitments.

Macroeconomic conditions and deficits do not prevent the assumption of new public responsibilities, but they do impose the constraint that such programs must be paid for. Still, an ambitious set of military force reductions, properly timed so that an expanding economy gives the displaced soldiers and workers someplace to go, might free up \$150 billion or more per year in the long run, while sustained lower interest rates could crowd in additional tens of billions of dollars.

What of inflation? As I have said, the dangers of inflation are no doubt less than they were twenty years ago. But the dangers have not been expunged. And if a global growth

strategy succeeds, the risks of inflation will unavoidably worsen from several directions: commodities or assets could boom, as they did in the 1970s; credit-based profits could boom, driving up prices and wages in capital-goods sectors; and, less likely, labor power could resurge, beginning in the most advanced sectors, extracting wage increases that the whole economy cannot afford. Moreover, the balanced-trade effects of a successful global growth strategy will mean necessarily that the competitive pressure of low-wage manufactured imports will not provide the anti-inflation club to a progressive administration that it has provided to Reagan and Bush.

That will leave the management and control of inflation back in the hands of the political authorities—an unwelcome but unavoidable assignment. This will require a measure of imagination in the design of a new incomes policy. In figuring out how to make this happen, the U.S. could benefit from careful study of wage coordination where it works, notably over the years in Germany and Japan. These experiences are not perfect (as the recent strikes in Germany prove), but they demonstrate the principle that social synchronization of wage settlements can be a powerful macroeconomic lever, reducing the expected inflation rate and the actual inflation rate associated with high employment and strong growth.

Mercifully, there is time for a fuller discussion of these issues. Given the increasing pressure of foreign competition in the industrial sector (thanks to the recession), widespread wage inflation is simply not likely in the near term. And if policymakers don't come up with a successful means of price stabilization with incomes-policy support in the short term, the consequences, namely a bit of inflation with economic recovery in the next few years, are probably a lot less damaging than the alternatives of zero growth and debt deflation.

Once these conditions for macroeconomic growth, stability, and inflation control are defined, the role of monetary policy virtually follows. The Federal Reserve must, in the first instance, support private investment and export demand through a credible policy of lower short-term and long-term interest rates, with credibility achieved by new faces on the board if the old ones are unwilling to cooperate or if their credibility is compromised, as I have argued it is.

The Federal Reserve must promote financial stability and recapitalization through its regulatory powers in two ways: by discouraging households from unsound borrowing as their incomes expand and by discouraging banks from high rolling. Measures that force banks to reinvest a portion of deposits in the communities from which they come are probably a useful safeguard in this respect; so too would be measures more strictly limiting exposure to particular individuals and types of speculative activity. (It is amazing how much some people, from Bunker Hunt to John Connally, were able to borrow for ludicrous speculations in the 1980s.) Regulations imposing conservative behavior on banks can be criticized, but they cannot possibly produce worse results than we have seen in their absence in recent years.

To sum up: A low interest-rate policy is both necessary and possible. But for it to work, we need not only to reform the Federal Reserve but also to recognize that cheap money and high growth are sustainable only when other policies are in place that create stable conditions within the American economy and strong growth in our global markets. These supportive policies can help the Federal Reserve do its work more effectively, but they do not themselves fall within the province of the Federal Reserve alone. Like the CIA and the Pentagon in the New World Order, the Federal Reserve had better accustom itself to being less adventurous. ♦

Hidden Complications

Why Health Care Competition Needs Regulation

James A. Morone

Once the envy of the world, the American health system has become an unenviable mix of excess, deprivation, and chaos. Nine out of ten Americans call for fundamental change. During the 1980s, while the proportion of uninsured Americans rose sharply, roaring inflation in costs consumed, on average, an extra percentage of the gross national product every forty months—and the pace has since quickened. These troubles have stirred new interest in that hardy reform perennial, health care competition. President Bush offers “a comprehensive, market-based reform.” *The New York Times* editorial writers tout the “good sense” of managed competition in health care. Yet Americans have already taken an unpleasant dose of health care competition—it is what lies at the heart of our health care dilemmas.

Naturally, market advocates deny the charge. A true market, they



correctly point out, has never been tried; classical economic theory remains an untested solution to our health sector maladies. The marketeers imagine a reconstituted health care market where providers

jockey to satisfy consumers and their agents, such as corporate benefits managers. Providers who offer better care at lower cost will prosper; the market—the consumers—will discipline the rest.

Achieving this vision requires an intricate array of new policies. The marketeers propose changing tax laws so consumers feel the pinch when they opt for pricey

health insurance. They urge publication of data about different health services so consumers can become better shoppers. They call for reforms that get groups of providers competing with one another. Many support subsidies, generally through the tax system, to enable the uninsured to purchase insurance, and many favor rules to prevent insurers from profitably ducking the expensive patients. These changes, argue proponents, are far more politically digestible than governmental health insurance schemes imported from abroad.

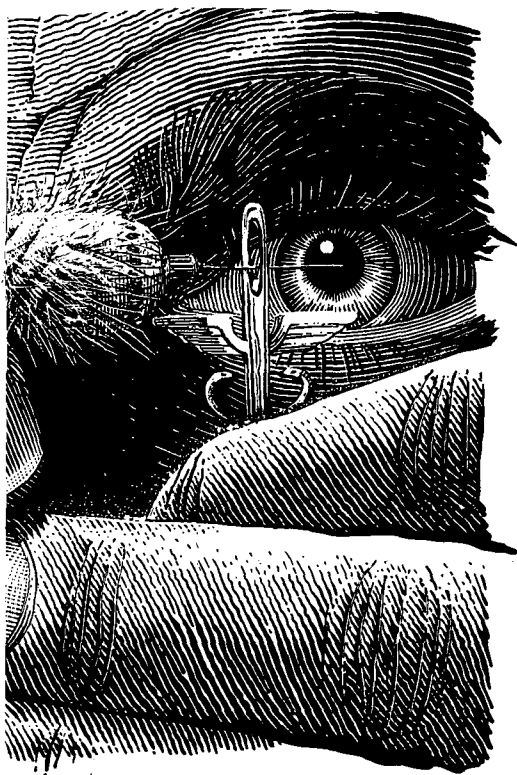
We have never seen a fully articulated, carefully calibrated system of health care competition—nor has anybody else. Still, we have seen its fundamental dynamics at work. The tumultuous medical economy of the

past decade offers a glimpse of the real-world response to medical market reforms. That experience represents a serious warning against blithe promises of a competitive fix to our troubles. It suggests, in fact, that competition in health care perversely raises costs and widens gaps in coverage.

The political developments of the past decade, moreover, have undermined our already weak prospects for controlling the deleterious aspects of medical capitalism. For while competition is rooted in a skeptical view of government, the success of health care competition actually depends on extraordinarily careful and sophisticated governance.

All markets are political constructions. To make them work we have to agree on rules and enforce them reliably. Medical markets are a difficult case because they include many unusual features. For example, we expect that all sick and injured people, even the improvident who have lapsed on their insurance payments, will receive some care. And most citizens believe the last hospital in an area must be bailed out, even if it is not run efficiently. Insurance coverage removes the usual check on consumer decisions about spending money. Few consumers are well enough informed to evaluate alternative treatments or providers. And sick people are not likely to shop for the best deal—on the contrary, most look to their physicians for treatment decisions. As a result, producers of health care directly influence the demand for the services they provide.

Each of the features complicates the market cure. Most market proponents respond with an elaborate apparatus, either public or private, to counteract tendencies toward inflated costs and charges, shoddy quality of care, and the exclusion of the unprofitable sick. Someone has to struggle against capitalist logic and curb providers who pursue raw economic motives by avoiding less lucrative patients (often the sickest ones). Someone has to cull and disseminate complex medical information to enable consumers to calculate whether expensive



hospitals actually do better. Someone has to proscribe and punish unfair market practices. Properly functioning medical markets place extraordinary demands on government or special private agents, or both. The task requires far more skill than the grosser judgments required by the global budgeting of national health insurance.

Yet health care competition derives much of its political resonance from government-bashing. For decades, markets have been sold with the big sneer—an all-American alternative to the bureaucratic bungling of a bloated state. President Bush served up the sneer in his State of the Union speech. Even Alain Enthoven and Richard Kronick's sophisticated proposal for a "consumer choice health plan" ends by contrasting "our historical preferences for limited government" with "something more alien and drastic." Each anti-governmental bromide chips away at the necessary conditions for health care competition. The very weakness of our government, eagerly ridiculed in every

presidential election of the past quarter century, undermines market reforms.

The Reinvention of the Market

In the world that some economists inhabit, a "market" is a clear concept. Not so in politics, where words are often infused with new meanings, cast and recast for partisan purposes. Health care markets have had at least two political lives.

Before the 1970s, preserving private-sector forces in health care meant leaving providers alone. The medical profession, vigilant against government incursions onto professional turf, repeatedly juxtaposed free choice in the market with government tyranny. Reforms that seemed to threaten professional autonomy, such as national health insurance or Medicare, were loudly denounced as oppressive and—invariably—socialistic. Compulsory insurance was "a dangerous device . . . announced by the German emperor" (in 1918), a keystone in the arch of socialism (by the 1930s), and a "threat to every area of freedom as we have known it in this country" (by 1962). Always juxtaposed to the compulsory state was "the American Way"—markets, voluntarism, free choice.

The lesson in health care—as in savings and loans—is that efficient markets require wise government.

Through these rhetorical celebrations of private medical care, the medical profession mustered allies into its struggle for professional autonomy.

The idea of the market was reconstructed when Americans discovered a crisis in health care costs in the early 1970s. Now the market became a way to discipline the medical profession. Consumers would force efficiency on the system. The new usage was elaborated over two decades with increasing complexity and sophistication. By now, the body of market proposals

(and exhortations) may constitute the most voluminous literature in all public policy.

For some pro-competitive reformers, the market would be freed of every constraint that authors could imagine—even licensure laws. The free-market conservatives would strike down state insurance regulations mandating various types of coverage, Medicare, Medicaid, and anything else that meddled with the free market.

The bald free marketeers, however, were swiftly outnumbered by proponents of a thoughtful new market conception. Generally presented by economists and other academics, this approach contrasted sharply with the self-interested government bashing of the previous era. Now marketeers would rely on the state in a wide variety of ways. In 1971, for example, Martin Feldstein, the Harvard economist, proposed "major risk insurance," a program that would cover citizens who had spent 10 percent of their income on medical care. Others, such as Clark Havighurst of Duke Law School, called for use of federal antitrust law and the Federal Trade Commission to end restrictive professional practices in health care and promote new forms of health care delivery.

Perhaps the single most influential formulation of the pro-competitive position has come from Alain Enthoven, a professor at Stanford Business School. Writing with political scientist Richard Kronick, Enthoven's most recent formulation would enable all citizens to buy coverage, either through their employers or through "public sponsors." Employers and sponsors would act as brokers for their members; they would select coverage, contract with health plans, manage enrollment—in short, manage their clients' health care coverage. In theory, a wide range of health providers would rise up and compete for the sponsor's business. Recognizing that health markets are not, as they put it, "inherently competitive," Enthoven and Kronick propose a wide swath of subsidies (to poor people, to small employers), a broad range of regulations (deductibles

would be limited, minimum benefit packages set), and an enormous array of incentives designed to make each actor—employers, employees, sponsors, states, health plans, individual providers—operate in socially desirable ways. This is not a proposal for a deregulated free market in health care. It is a market with a vigilant and impartial governing authority.

Despite broadening recognition of the need to govern health care markets, the old animus against government has generally lain just below the surface of pro-competitive reform. Indeed, the market ideal was driven to the top of the health policy agenda by the most powerful political force of the late 1970s: the anti-governmental surge that pressed for deregulation and privatization throughout the American economy. In the early 1980s, the Reagan rebels articulated the sentiment with extraordinary political effect. In health care, five decades of provider vitriol gave the anti-government rhetoric a familiar, even reassuring, tone.

The early Reagan period proved a crossroads for the market movement. Administration officials saw a choice between two different conceptions of medical markets: One alternative linked the old anti-statist vision to the essential Reagan precept—the market should be left to itself. The government would try to reduce its own expenditures and every other payer could do the same. The other alternative was to pursue the interlocking changes proposed in much of the pro-competition literature. This meant a hard fight with Congress over limiting tax breaks for rich employer health benefits; it meant government involvement to keep insurers from discriminating against the poor risks and even, in some formulations, new programs for people without insurance. Ultimately, this second approach raised a rather uncomfortable paradox for Republicans: it would take government to achieve markets. The Reagan administration opted for the first route, scoring its political points through a

rhetorical assault on the public sector.

Proponents of health care competition rarely disagreed. Even complex market schemes that relied on extensive public-sector action carried with them the older motif, a disdain of government. To this day, the two strains remain analytically independent but affectively intertwined. Writing recently in the *Atlantic Monthly*, Regina Herzlinger, a professor at the Harvard Business School, ends a careful response to the critics of her call for competition with the following: “The government that bungled the regulation of savings and loans and banks is, ironically, the one that [my critic] would entrust with running the entire health care establishment.” In a rhetorical move now familiar from constant use, a careful market schema segues smoothly into government bashing.

The savings and loan analogy is worth notice. This was not a case of overreaching government; rather, government was too weak. The lesson is that efficient markets require wise government—and nowhere is this more true than in medicine. Even a cursory look at the current state of our health care markets suggests the daunting tasks they put before our public officials.

The Realities of the Market

Through the booming health sector confusion of the 1980s, something like a systematic health policy emerged. Amid plenty of market rhetoric, payers began to compete with one another. Each insurer scrambled to reduce its own costs. In theory, the more successful private companies could pass on the savings to their enrollees and gain market share. The federal government set the pace, acting as just another insurance company. Medicare and Medicaid looked after their own costs, developing elaborate price-setting mechanisms such as Medicare’s diagnostic-related groups (DRGs), for instance, freezing reimbursement levels (Medicaid is notorious in many states), and raising co-payments. The government left other payers to mind their business as they saw fit.

Health care payers and providers scrambled to lower their costs with entrepreneurial gusto. Corporations encouraged employees to enroll in health maintenance organizations (HMOs) that promised savings and efficiency. Many large companies left their traditional carriers and insured themselves; some negotiated deals with health care providers through preferred provider organizations, which also promised savings and efficiency. Blue Cross hedged its bets by sponsoring HMOs. Commercial insurers responded with managed care plans of their own along with all kinds of new "insurance products."

At first, in the mid-1980s, this flush of activity was met with cheers. Here was activity and innovation, flowing from the private sector. By the end of the decade, competition among payers had produced more pain than even the gloomiest critics had forecast. Although this was (and is) only partial competition, it illuminates the logic of capitalist energy in the marketplace. Consider the health policy problems that we now face.

Costs. Costs continue to rise at a dizzying pace: 8.4 percent of gross national product in 1975, 9.1 percent in 1980, over 13 percent today. The unexpected news is that price competition among payers raises costs. There are three reasons why.

First, the many cost-control devices wielded by our payers (managed care, preferred provider organizations, DRGs) amount to institutional devices through which each bargains with providers about price and volume—one of the keys to western European cost-control strategies as well. However, Americans undermine their bargaining strategy by establishing a multitude of bargainers in the name of choice and competition. Providers maintain their income by shifting costs from payers who are more effective at squeezing costs (Medicare, Medicaid) to those who are least effective (so far, business corporations have been the losers). In effect, providers use the system's pluralism, its multiple safety valves, to escape tough cost-control programs.

Many payers, each competing to keep its own costs down, create inflationary pressure on everyone.

Second, new kinds of health providers, especially HMOs, were to be "the workhorses of the market revolution." Because patients generally pay a fixed annual fee, these organizations were thought to have clear incentives to provide less costly care. Once they entered the market, predicted the pro-competition faithful, HMOs would swiftly attract patients away from payers and providers who failed to control costs.

Instead, as HMOs penetrate the local market, costs jump. The new organizations skim off the best risks (the charitable can argue that it is not a conscious strategy, that sicker patients have stronger ties to their physicians and health plans). As traditional plans like Blue Cross find themselves with a pool of clients whose average costs are higher, their premiums leap. The HMOs then appear to shadow-price Blue Cross (that is, they raise prices right behind the price leader). A segmented market leads to higher premiums for everyone.

Finally, all this activity creates a great administrative apparatus. The employment opportunities in medical administration surge as each hospital department and physician's office hires specialists designed to volley paper back and forth to counterparts working for insurance companies and corporations. Each new cost-containment program swells their ranks. Calculating the costs of all this administrative activity has itself grown into a flourishing trade among policy researchers. According to Steffie Woolhandler and David Himmelstein in the *New England Journal of Medicine*, estimates for 1987 range from \$31 billion (the lowest estimate, from the Office of Management and Budget) to \$100 billion (from the General Accounting Office).

And that is not the worst of it.

The Uninsured. Both payers and providers have learned how to win the American health care competition: Insure and treat less expensive patients. The result is a great race for patients who are less likely

to be ill. Payers have swiftly improved their capacity to identify good and bad bets. What follows is market segmentation, risk selection, the refusal to insure many individuals and small groups, the refusal to insure preexisting medical conditions, the disenrollment of people who are likely to be, or have been, sick. The critics of competition forecast some of these results, while others (such as the fast spread of preexisting condition clauses) were unanticipated consequences of the creative energy of managers in a competitive environment.

After all, a relatively small number of patients consume a large portion of medical resources. The most effective way to reduce premiums is not through tough negotiating or managerial technique or more efficient forms of service delivery; it is far easier to cut costs by avoiding the "poor risks."

Medical providers have similar incentives passed on to them. Find patients who pay relatively more. Shift costs from the payers who pay less to those who pay more. Seek patients who are less ill. And, above all, avoid the non-payers, who will wreck your reputation for efficiency.

The widely lamented army of uninsured people is a direct result. An elaborate system of hidden cross-subsidies that lay at the foundation of the insurance system is eroding under the pressure of competition among payers.

The consequences run wide and deep: rising numbers of uninsured, underinsured, and uninsurable people, growing labor-management tensions, and—our most recently discovered medical malady—"job lock" (three of ten Americans recently reported that the fear of losing insurance coverage deterred someone in their household from seeking a new job). As costs continue to rise, many employers exacerbate these troubles by reducing or eliminating health benefits.

Market advocates offer elaborate political concoctions to address this trouble. Before delving into the details, note the larger point. Market proponents would set up incentives to compete, then block off the

surest winning strategy (avoiding expensive patients). In theory, there are plenty of ways to do so. In the real world of politics and markets, the American entrepreneur (often struggling for survival, with jobs at stake and political connections in line) is not easy to control.

Can market advocates address these troubles? Can the problems of costs and coverage be addressed with more (or better, or smarter) competition? How? The questions lead us back to the skill and power of our regulators.

Markets and Regulators

Like any system of rules, markets promote some values and subordinate others, advantage some participants, disadvantage others. This is true, of course, for any market—transportation, money, medicine. Health care markets are so complex because of the many social demands we make of our health care system. As I suggested above, we expect some care for all citizens, we bail out some hospitals, we want good education, high technology, low costs, and plenty of choice.

Over the past fifteen years, proponents have made their systems more complicated by trying to address other deviations from the market ideal: People obviously do not "shop" for medicine. They certainly do not do so when they are ill. Even if they wished to behave as economists expect them to, they often have insufficient information. Providers appear to shape demand for their own services. Beyond these predictable matters lie the challenges of extending coverage (in the teeth of real-world incentives) and cutting costs (ditto). To make it all work, marketeers have restlessly tinkered with their markets.

Take, for example, the most important current challenge. How do we halt the chase for patients who are less likely to be sick? Perhaps the best-known answer is Alain Enthoven's risk rating. Enthoven would rate consumers by their risk factors and pay providers more for treating patients who are apt to cost more.

But what is simple in theory is enormously complicated in political reality. Which risks will be addressed, which overlooked? Age? Income? Race? Previous illness? Hazardous occupation? Environmentally hazardous hometown? Disabil-

In health care, the unguided pursuit of self-interest is thick with troubles.

ities? (Which ones?) The accounting rapidly gets extraordinarily complex. And who sets the rules? How are they monitored? Enforced? Changed over time?

All of which raises the nub of the matter: In the real world of health politics, there is no Archimedean point from which these choices can be made in a rational and dispassionate manner. On the contrary, such choices are fundamentally political. Groups will lobby. So will payers with an economic stake in the outcome. Just picture the scene when the risk raters take up the question of people who have tested HIV-positive. And what will they say to the Blue Cross contention that telephone workers (whom it happens to insure) cost more to cover and should be reimbursed at a higher rate? Will elected officials sit still for the process?

Other market proposals raise similar issues. The Bush administration version would prompt states to gather small groups into a large risk pool; poor people receiving tax credits would form a second pool. Health plans that cover populations who are expected to be sicker than average would get a payment from the pool; others would pay in. The federal government would help states "refine" the methodology that determines the expected health costs of different population groups and some agent (unnamed) might audit insurers to verify the accuracy of their health risk assignments. Once again, an elaborate construction would fiddle with the market incentives to avoid sicker patients. The Bush plan also forbids insurers from excluding

employee groups, individuals, or people with expensive illnesses. All in all, the plan would require armies of nimble regulators.

Other questions turn on the difficulty of distinguishing good medicine from bad. Again, creative tinkerers have been hard at work. Walter McClure, for example, has stumped for a "buy-rite" system that would rate hospitals (from 1.1 to 5.0) on their quality of care, enabling employers and beneficiaries to make better choices. The Health Care Finance Administration stumbled in the same general direction when it published hospital mortality statistics (producing much heat but little discernible light). Others have suggested institutes for health care evaluation. These efforts all face enormous obstacles. We do not have the data that the evaluations require, the necessary research and monitoring are expensive and often inconclusive, and it is not easy to see how patients can become effective, informed consumers when they are sick and facing real choices.

Moreover, some agent would have to guard against frauds. Unleashing American entrepreneurial energy also stirs up the huckster and quick-buck artist. Unscrupulous operators can profitably turn the incentives to provide less lavish care into an excuse to provide no care at all—and the cheaters are often the quickest to jump into new markets. Public programs that have turned to HMOs, for example, have often been rocked by blaring headlines announcing spectacular abuses: California's Medicaid enrolled patients without having facilities to treat them. A decade later Medicare HMOs in Florida marketed their services to elderly citizens who lived fifty miles from the nearest eligible provider.

The regulatory imperative is often obscured by a feckless trust in "incentives." Market proposals always come groaning under the weight of new incentives—operating independently, interacting smoothly, moving predictably. Once the proper incentives are put in place (presumably by a wise political agent), the

health care market will run by itself. But we are a long way from your apples for my oranges. The elusive incentives are asked to reshape the behavior of consumers, physicians, employers, hospitals (from administrators to house staff), payers, local governments, states, and on and on.

But, alas, "incentives are not behavior," as Theodore Marmor, Jerry Mashaw, and Philip Harvey point out in their recent book, *America's Misunderstood Welfare State*. Those simple prods to sensible action repeatedly lead in entirely unexpected directions. The competition of the past decade that was supposed to reduce costs instead led to competition for less expensive patients. Fixing on incentives often reduces complex, cross-cutting interests to a simple reflex. The unexpected response comes because the change in economic incentive does not always tap the real causes of behavior. (For example, fiddling with financial incentives will not get patients shopping for new doctors when they value long-standing relations with their present ones.)

Trying to change the behavior of many different kinds of actors—all simultaneously—is an extraordinary aspiration. Thoughtful market advocates will find a caution in the lessons of the 1980s: It is neither desirable nor, in practice, possible simply to organize correct incentives and step aside. In health care, the unguided pursuit of self-interest is thick with troubles.

Moreover, regulating private markets is difficult. The freer the market—and the greater the social demands we place on it—the more demanding the regulatory task. Recall the savings and loans: Liberating the bankers put new pressures on the regulators. That innovation collapsed partially because the regulators were not up to the job. In health care markets, the regulators' job is far more exacting. The social demands are more extensive, the values we pursue much more complex. Health care markets are not, and cannot be, any better than those overseeing them—setting the rules, ensuring some access for everyone (possibly against the self-interest

of many), forbidding creative new techniques for sidestepping sick customers, disseminating consumer information. In short, health care competition requires regulation that is both precise and sweeping.

This leads to one of the great ironies of recent American history: Health care competition is only as good as the government that competition advocates have so long and loudly deprecated. Even as the meaning of markets evolved over the years, they were steadfastly defined and celebrated as an alternative to the public sector. Sustained state bashing has had the intended result: a weaker, less popular, state. The unexpected consequence is that the state is less capable of organizing and running an effective market. The very rhetoric that made markets more popular now renders the success of the market strategy less plausible.

Market advocates have an answer, although it is distinctly innocent of American political history and thought: apolitical oversight. Where public authority is necessary (say, for rating risks), they would organize it as an independent, non-political authority and, wherever possible, turn to private-sector regulators. Private organizations can also produce information or rate quality.

The idea of decisions beyond (or better, above) politics is one of the most tarnished reform grails in American politics. It is, after all, precisely the ideal that James Madison and Alexander Hamilton attacked in *The Federalist*. The roots of the contemporary aspiration for apolitical decisions lie in the late nineteenth century. Since the Progressive era, reformers have tried again and again to wrestle public decisions away from politics. The American civil service is structured on that principle—sold with the promise that independent administrators meant efficient and honest government in perpetuity. The independent regulatory agencies were introduced with the same faith. So was the Bureau of the Budget (now the Office of Management and Budget) and the Health Care Finance Administration.

American reform history echoes with the repetitions of the goo-goo experience: the aspiration to get beyond politics only makes the American government more incoherent. Each reforming generation discovers that there is no decision-making platform outside politics. For one thing, when officials make value judgments, some groups benefit, others lose. In a democratic society, the losers come forward and lobby. Indeed, American political history can be read as a long lesson in the biases of an interest-group society. Oddly, analysts who revere the incentive power of self-interested capitalism expect the incentives to stop working at the government's edge. Somehow, self-interested groups will not pursue their incentives into the public sector, and government officials will not pursue theirs by responding.

Each generation of reform has discovered that science and objective information offer an illusory guide to policy. The very definition of issues to be addressed (and ignored), the delineation of alternatives, the modes of searching for information, the selection of officials, and countless other matters are necessarily political choices. They set some values over others, help some interests at the expense of others. The call for "getting beyond politics" is not a realistic aspiration.

Worse, the search for governance beyond politics (even beyond government) renders our political institutions less effective and less accountable. Each new independent agency (created to chase the apolitical chimera) simply exacerbates the main tendency of our public institutions: fragmentation, overlap, duplication, stalemate, confusion, uncertain accountability, unclear lines of authority. Created to be independent, agencies pursue their own interests, form alliances with other organizations (public and private), and make judgments uncontrolled by any form of public accountability. In short, the distrust of government that trig-

gers the search for apolitical governance only renders the government weaker. That weakness creates the confusion and incoherence that market advocates have so long criticized.

The call of the market is not hard to understand. But the health policy lesson of the 1980s is that markets are not possible without subtle and extensive government regulation. Perhaps the most overlooked feature of the many competition proposals is the many demands they put on the state. American government may not be up to the task. The Republican ascendancy of the past two decades makes it even less so. Market advocates will find no lasting relief in either government bashing or the scramble to leave politics. On the contrary, they face a task that they are unlikely to pursue and for which they are ill equipped to succeed: improving the capacity of American government.

It is time to be less oblique about health care reform. Americans ought to stop searching for ways to sidestep their government—the government will be in the middle of any successful health care system, market systems most of all. We ought to end the quest for ways to unleash the power of private enterprise—too much private enterprise in health care has caused us enormous pain. Once we abandon the hopeless quest for the market that would run by itself, we can get on with a useful debate: Which of the many alternative (yes, public) programs will best control costs while offering all Americans decent health care?

The first step is reconstructing the health care community—the pool of shared risk—that years of partial competition have destroyed. There is a simple, incremental, fully American, politically popular way to begin: expand Medicare to the entire population. There are also more elaborate ways to achieve a more just, efficient health care system. But none is more complex—to describe, to legislate, to implement, or to administer—than the ostensibly simple notion of health care competition. ♦

The Quest for Community (Again)

E. J. Dionne, Jr.

Whatever their differences, both liberals and social democrats owe debts to the French Revolution, and especially to its trinity of values, "liberty, equality, fraternity." More than two hundred years later, it is not surprising that "fraternity" was ranked third by the revolutionaries—it was a sign of things to come. Liberals, whether of the capitalist or welfare-state variety, have tended to make liberty their highest value. Socialists and social democrats have spoken a lot about "solidarity" and "community," but equality tended to be their major cause—especially in their polemics with liberals.

Community often got lost in the shuffle. As often as not, it became the rallying cry not of progressives but of traditionalist conservatives who, with Edmund Burke, sensed that the left had set off "a general earthquake

in the political world" that would destroy the "little platoons" so vital to meaningful social life.

But progressives cannot afford to allow the cause of community to become simply the object of conservative nostalgia. Nor can they sit by as the debate over the future of the family is cast as a struggle between Vice President Dan Quayle and a television character named "Murphy Brown." The "quest for community" should in fact be a cause that engages humane liberals, conservatives and social democrats alike. Vaclav Havel and other courageous rebels from Eastern Europe have reminded us that the good society depends not only on democratic government and efficient economic systems, but also on civil society, that web of relationships that transcends both votes and money. The quest for community is really the battle to strengthen civil society.

As Alan Wolfe has pointed out in his brilliant book, *Whose Keeper?*, the conven-

tional political debate that casts the state and the market as the main mechanisms of social organization leaves out what are the most important institutions in most people's lives—family, church, neighborhood, workplace, and a variety of voluntary associations ranging from sports clubs and youth groups to privately organized day care centers and even to the loose fellowships created in taverns like "Cheers" of television fame. All are places where, as the theme song of "Cheers" tells us, everybody knows your name.

Each of these civic institutions, while greatly affected by the workings of both government and the market economy, are nonetheless distinct from and independent of both. They are also infinitely valuable. "Liberal democracies face discontents," Wolfe writes, "because they tend to rely either on individualistic moral codes associated with the market or collective moral codes associated with the state, yet neither

set of codes can successfully address all the issues that confront society." Popular discontent with the "left versus right" polarization rests on the intelligent intuition that radical free-market conservatives are wrong in suggesting that markets can cure all that ails us and that left liberals and social democrats are wrong in seeing our salvation through the perfection of government programs. Common sense tells us we should shudder at either "market imperialism" or "state imperialism."

Vaclav Havel has become a political hero to humanists across the political spectrum because he speaks so powerfully to our sense that neither the state nor the market is enough. His critique of communism is in fact a critique of all soulless, materialistic systems. "We learned not to believe in anything, to ignore each other, to care only about ourselves," he declared in his 1990 New Year's address. "Concepts such as love, friendship, compassion, humility, or forgiveness lost their depth and dimensions." The old regime, Havel said, "reduced man to a force of production and nature to a tool of production," he said, and "reduced gifted and autonomous people, skillfully working in their own country, to nuts and bolts of some monstrously huge, noisy, and stinking machine, whose real meaning is not clear to anyone."

Havel's critique of communism, of course, bears a remarkable similarity both to traditionalists' complaints about modernity and to socialists' rebellion against pure capitalism. On the right, few have been more eloquent in describing the dangers of the loss of traditional institutions than Robert A. Nisbet, the author of *The Quest for Community*. First published in 1953, the book was brought back into print in the 1960s by the New Left's interest in small community—a political and intellectual irony, since Nisbet became one of the New Left's most searing critics.

Nisbet, along with many other writers, saw the rise of totalitarianism as both the cause and effect of the destruction of small community. Both the Nazi and Stalinist

regimes, he argued, used state power to create an artificial sense of national or ideological community where old forms of community had decayed. "Release man from the contexts of community," Nisbet wrote, "and you get not freedom and rights but intolerable aloneness." Totalitarian regimes played on such alienation and "direct[ed] their energies not just to the destruction of the old order but to the manufacture of the new." In this new and demonic form of community, Nisbet argued, "all symbols, allegiance, responsibility and sense of purpose have become indistinguishable from the creation of centralized political power."

On the left, Marx and Engels were as aware as anyone of capitalism's power to destroy traditional forms of community. They praised the bourgeoisie for tearing asunder "the motley feudal, patriarchal, idyllic relations" of the old order. As progressives, they believed that capitalism's destruction of traditional community would benefit humankind, since traditional community only disguised oppression.

The conservative, on the other hand, believes that without traditional forms of community, there is either chaos and alienation or the total state. The traditionalist will tolerate all manner of inequalities and even abuses within the traditional order on the theory that such costs are preferable to the unraveling of an intricately woven social fabric. Liberals and leftists often see such traditionalist arguments as thinly disguised rationalizations for established forms of power. Segregationists invoked traditional community on behalf of racial oppression, sexists invoke it on behalf of patriarchy, cultural conservatives on behalf of censorship, the propertied on behalf of privilege.

But following Wolfe, Michael Walzer, and other progressives who are concerned about the decay of community, I would argue that the urgent task of the post-communist, democratic left is to rediscover the idea of community and to join with

humane conservatives in defending civil society's prerogatives against both the state and the market. One need not share all of Nisbet's views to agree with him that liberal societies have often undervalued institutions that we call (often wrongly) traditional. The truth is that both an effectively functioning market and a responsive democracy depend on the values that community institutions transmit. Modernity sometimes mocks but desperately needs what James Fallows has called "Frank Capra values." They include loyalty, responsibility, a willingness to contain private appetites and interests in the name of the community, a desire to do right by others simply because that is the right thing to do.

The institutions of civil society are important to liberals precisely because liberals are rightly skeptical of using government to transmit such values, and they don't expect the market to do so. Where else will such values come from? Civil society is important to social democrats because the solidarity they seek to promote does not grow simply out of shared economic interest, narrowly conceived; it grows out of the sort of fellowship that only civil society can create. If trade unions rested only on economic self-interest and not also on a sense of mutual obligation, there would be more free riders and dropouts and fewer organizers.

Advocates of community need to be candid about how slippery the concept can be and how differently it can be used by left and right. Moreover, those who criticize liberals have to acknowledge that no program was more obsessed with the word—and the idea of—community than the Community Action Program, the most controversial aspect of Lyndon Johnson's Great Society. When he launched the war on poverty, President Johnson sought to tie himself to the oldest of American ideas. "I propose a program which relies on the traditional American methods of organized community action," Johnson declared in 1964.

Community action indeed proved con-

troversial. Its call for "maximum feasible participation" by community members was easily mocked. (Daniel Patrick Moynihan called his book critical of the poverty program *Maximum Feasible Misunderstanding*.) But some criticisms of the program suggested that it worked exactly as planned. The community action agencies were designed to increase community organizing in poor neighborhoods and to develop a new cadre of leadership. Especially in black neighborhoods previously underrepresented in "the power structure," to use the popular phrase of the time, the new leaders and their organizations often clashed with the local elites and old political machines.

While some of the local poverty efforts were hopelessly corrupt (as, of course, were some of the political machines they were fighting), many young minority organizers raised up by the program later emerged as impressive political leaders. To use the word now so popular among conservatives, the programs provided a serious opportunity for black "empowerment." As James A. Morone writes in his 1990 book, *The Democratic Wish*, "The sheer fact of conflict ... signaled a more profound development—an incipient black mobilization for power in local American politics." The point here is that "the quest for community" is often linked to a community's own quest for power and influence.

But as Morone, a sympathetic observer of the poverty program, points out, the effort was troubled by "contradictions and ambiguities." And liberals themselves were never quite clear on what exactly "community" meant. Rightly concerned with empowering poor black and Latino Americans, many liberals became uneasy when working-class whites mobilized to defend their own interests. When white movements against school busing and integrated housing adopted liberal and New Left language about "the right to control the decisions that affect our own lives," the contradictions only became more glaring.

And when whites mobilized around

their own ethnic identities, liberals who had been sympathetic to black power became even more alarmed. "It is all right for the blacks and the Chicanos and the American Indians to have some sort of ethnic consciousness," Rev. Andrew Greeley, a defender of the white ethnics, wrote in the 1970s, "but for other American ethnic groups, ethnic consciousness is, somehow or other, immoral." For those liberals who were always wary of the mystical and

The lesson of the 1960s is not that the quest for community is hopeless, only that strengthening communities is a complex task.

romantic aspects of communitarianism, the rise of various forms of tribalism was perfectly predictable. Some among them argue now that the Great Society's planners should have invested many more resources in job training and job creation—and have left it at that.

But the lessons of the 1960s do not prove that the quest for community is hopeless, only that the strengthening of communities is a complex task. One could start by declaring a partial intellectual cease-fire between the right and the left. Conservatives should admit that liberals were always more concerned about community than the conventional accounts now allow and that liberals were right about the close link between community and power. But liberals need to acknowledge that conservatives were right that building community requires not simply the creation of new political or state institutions but also the reinforcement of older institutions, notably the family. As William J. Wilson has pointed out many times, many liberals made a grave error in the 1960s when they denounced Daniel Patrick Moynihan's report on the black family instead of trying to grapple with its implications. As Wilson has said, "The

liberal perspective on the ghetto underclass and inner city social dislocations is less persuasive and influential in public discourse today because many of those who represent the traditional liberal view on social issues have failed to address straightforwardly the rise of social pathologies in the ghetto."

Now communitarians left, right, and center correctly see the family as an institution badly in need of support. As the tragedy of the Los Angeles riots reminded us, the nexus of unemployment and family breakdown in the inner city has catastrophic consequences, especially for the poorest among us—a point that Wilson, a social democrat, has been making for over a decade.

But the liberal and libertarian might ask: What kind of family should be encouraged? And who will decide? The feminist might ask: Will this family be patriarchal? Gays and lesbians might ask: What about us? Some African-Americans might ask: What about our own forms of extended-family support systems? Some religious fundamentalists might ask: If family is so important, why can't we educate our kids at home?

It would take the wisdom of men, women, and angels to answer such questions adequately. But there is a more modest and productive way for the defender of civil society to cast the issue: In what ways do the state and the market get in the way of the efforts of parents to form stable unions and raise well-adjusted kids? In what ways, in other words, do the state and the market work to weaken what almost all could agree is one of the most important institutions of civil society? Can the family be liberated from some of the pressures created by both the state and the market?

Many things come to mind instantly:

- The tax system should be friendlier than it is to parents with children, especially in the early years of children's lives. Parents perform

society's single most important task, and they do it for free. Society has an interest in helping them out—especially when parents are struggling to get by on modest incomes and when economic pressures are forcing both of them out of the home too much.

- Employers should be more sympathetic to the pressures parents face. Our newspapers are filled with reports about how corporate executives are horrified over how poorly employees read and write. Who do they think are the very first people to teach kids how to read and write? Is six months of mandatory parental leave really too much to ask? Is flexible scheduling for parents too much an imposition on the market's prerogatives? We can spend endless amounts on the schools, but the jobs of teachers would be much easier in the first place if our families functioned better.
- As William J. Wilson has argued, one of the great pressures destroying the inner city family is the inability of so many young black men to find employment. In a complicated process we do not fully understand, the broader culture and the labor market seem to be conspiring together against the inner-city family. Isn't the reconstruction of the inner-city family important enough to spend some money on jobs for the chronically unemployed?
- In an effort to give parents greater control over their children's destiny, isn't it worth experimenting more with school vouchers, or (as readers of this magazine would probably prefer) with school choice programs within the public school systems?

All of these ideas are debatable. And all, significantly, invite public policy interven-

tions, which are of course aspects of political society, not market society. The point is that there is much that can be done to strengthen the family and other institutions of civil society; there is also considerable room for common ground among liberals and social democrats willing to acknowledge the limits of the state and conservatives willing to acknowledge the limits of the market. The "New Paradigm" of public policy being promoted by former Bush White House aide James Pinkerton and others has taken some steps in this direction. At the least, Pinkerton, Housing Secretary Jack Kemp and their allies are trying to reengage conservatives in a serious discussion of social policy, and they also acknowledge a role for government in strengthening community ties and "empowering" individuals. On the other hand, they are rarely willing to acknowledge that market forces, when unchecked, can ravage communities at least as much as poorly designed government programs.

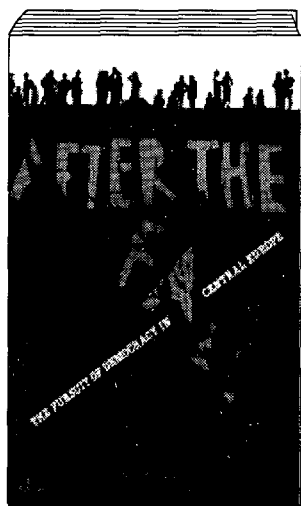
Liberals and social democrats can thus make an important contribution to the discussion of community by raising issues with which conservatives are often unable, or unwilling, to grapple. Progressives are more inclined than are extreme proponents of the free market to talk about how the workings of pure capitalism, in the short term at least, pose real dangers to the very traditional institutions that conservatives extol. Ronald Reagan spoke frequently and even movingly, about "family, work, neighborhood." But what, exactly, do these values mean in the new global marketplace, where jobs can be shipped overseas at the touch of a computer key, leaving families and whole neighborhoods suddenly without work? Are there some labor market "efficiencies" that levy too high a toll on communities and families? Are there countervailing actions that government can take in areas like job training and economic development to help communities through the ravages of economic change?

We have come to understand that the most sensible forms of market economics demand that companies pay the costs for the long-term environmental problems they create. As economists point out, market-style mechanisms can become an ally of environmental causes. Might it not be equally sensible to consider the costs of certain business decisions to the "social ecology," even if such costs are much harder to calculate? If there are superfunds for the physical environment, might we not consider "superfunds" for the social environment, including coverage not only of the personal costs of unemployment but also of the costs to local institutions?

There is another reason for progressives to stand up for civil society and its mediating structures: At their best, they have always done so. From the work of the Chicago school of sociology in the 1930s and 1940s through the writings of Herbert Gans to today's labors by Robert Bellah, William

Sullivan, and their allies, liberals and social democrats have provided sound examples of how to embrace the causes of civil society and local community without tossing away the achievements of liberal tolerance. One of the reasons some liberals were skeptical of claims that "mass society" had overwhelmed local community is that they just didn't think it was so: Community institutions had done a better job of surviving, these liberals insisted, than the mass society theorists were willing to allow. And liberals should not be ashamed of the fact that some of the best conservative thinking on mediating structures—by Peter Berger, Richard John Neuhaus, and Michael Novak—owes a great deal to the best thinking of liberals, something all three at times acknowledge. Progressives should embrace the renewed concern about civil society and broaden the debate. Family, work, and neighborhood are causes too worthy to leave to just one side of the political spectrum. ♦

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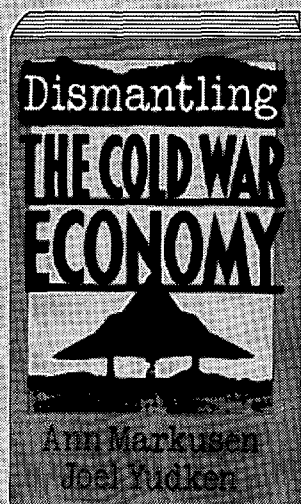
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Talking Past Each Other

Black and White Languages of Race

Bob Blauner

For many African-Americans who came of age in the 1960s, the assassination of Martin Luther King, Jr. in 1968 was a defining moment in the development of their personal racial consciousness. For a slightly older group, the 1955 lynching of the fourteen-year-old Chicagoan Emmett Till in Mississippi had been a similar awakening. Now we have the protest and violence in Los Angeles and other cities in late April and early May of 1992, spurred by the jury acquittal of four policemen who beat motorist Rodney King.

The aftermath of the Rodney King verdict, unlike any other recent racial violence, will be seared into the memories of Americans of *all* colors, changing the way they see each other and their society. Spring 1992 marked the first time since the 1960s that incidents of racial injustice against an African-American—and by extension the black community—have seized the entire nation's imagination. Even highly publicized racial

murders, such as those of African-American men in two New York City neighborhoods—Howard Beach (1986) and Bensonhurst (1989)—stirred the consciences of only a minority of whites. The response to the Rodney King verdict is thus a long-overdue reminder that whites still have the capacity to feel deeply about white racism—when they can see it in unambiguous terms.

The videotaped beating by four Los Angeles police officers provided this concreteness. To be sure, many whites focused their response on the subsequent black rioting, while the anger of blacks tended to remain fixed on the verdict itself. However, whites initially were almost as upset as blacks: An early poll reported that 86 percent of European-Americans disagreed with the jury's decision. The absence of any black from the jury and the trial's venue, Simi

Valley, a lily-white suburban community, enabled mainstream whites to see the parallels with the Jim Crow justice of the old South. When we add to this mixture the widespread disaffection, especially of young people, with the nation's political and economic conditions, it is easier to explain the scale of white emotional involvement, unprecedented in a matter of racial protest since the 1960s.

In thirty years of teaching, I have never seen my students so overwrought, needing to talk, eager to do something. This response at the University of California at Berkeley cut across the usual fault lines of intergroup tension, as it did at high schools in Northern California. Assemblies, marches, and class discussions took place all over the nation in predominantly white as well as nonwhite and integrated high schools. Considering that there were also



incidents where blacks assaulted white people, the scale of white involvement is even more impressive.

While many whites saw the precipitating events as expressions of racist conduct, they were much less likely than blacks to see them as part of some larger pattern of racism. Thus two separate polls found that only half as many whites as blacks believe that the legal system treats whites better than blacks. (In each poll, 43 percent of whites saw such a generalized double standard, in contrast to 84 percent of blacks in one survey, 89 percent in the other.)

This gap is not surprising. For twenty years European-Americans have tended to feel that systematic racial inequities marked an earlier era, not our own. Psychological denial and a kind of post-1960s exhaustion may both be factors in producing the sense among mainstream whites that civil rights laws and other changes resolved blacks' racial grievances, if not the economic basis of urban problems. But the gap in perceptions of racism also reflects a deeper difference. Whites and blacks see racial issues

through different lenses and use different scales to weigh and assess injustice.

I am not saying that blacks and whites have totally disparate value systems and worldviews. I think we were more polarized in the late 1960s. It was then that I began a twenty-year interview study of racial consciousness published in 1989 as *Black Lives, White Lives*. By 1979 blacks and whites had come closer together on many issues than they had been in 1968. In the late 1970s and again in the mid-to-late 1980s, both groups were feeling quite pessimistic about the nation's direction. They agreed that America had become a more violent nation and that people were more individualistic and less bound by such traditional values as hard work, personal responsibility, and respect for age and authority. But with this and other convergences, there remained a striking gap in the way European-Americans and African-Americans evaluated racial change. Whites were impressed by the scale of integration, the size of the black middle class, and the extent of demonstrable progress. Blacks were disillusioned with integration, concerned about the people who had been left behind, and much more negative in their overall assessment of change.

In the 1990s this difference in general outlook led to different reactions to specific racial issues. That is what makes the shared revulsion over the Rodney King verdict a significant turning point, perhaps even an opportunity to begin bridging the gap between black and white definitions of the racial situation.

I want to advance the proposition that there are two languages of race in America. I am not talking about black English and standard English, which refer to different structures of grammar and dialect. "Language" here signifies a system of implicit understandings about social reality, and a racial language encompasses a worldview.

Blacks and whites differ on their interpretations of social change from the 1960s

through the 1990s because their racial languages define the central terms, especially "racism," differently. Their racial languages incorporate different views of American society itself, especially the question of how central race and racism are to America's very existence, past and present. Blacks believe in this centrality, while most whites, except for the more race-conscious extremists, see race as a peripheral reality. Even successful, middle-class black professionals experience slights and humiliations—incidents when they are stopped by police, regarded suspiciously by clerks while shopping, or mistaken for messengers, drivers, or aides at work—that remind them they have not escaped racism's reach. For whites, race becomes central on exceptional occasions: collective, public moments such as the recent events, when the veil is lifted, and private ones, such as a family's decision to escape urban problems with a move to the suburbs. But most of the time European-Americans are able to view racial issues as aberrations in American life, much as Los Angeles Police Chief Daryl Gates used the term "aberration" to explain his officers' beating of Rodney King in March 1991.

Because of these differences in language and worldview, blacks and whites often talk past one another, just as men and women sometimes do. I first noticed this in my classes, particularly during discussions of racism. Whites locate racism in color consciousness and its absence in color blindness. They regard it as a kind of racism when students of color insistently underscore their sense of difference, their affirmation of ethnic and racial membership, which minority students have increasingly asserted. Many black, and increasingly also Latino and Asian, students cannot understand this reaction. It seems to them misinformed, even ignorant. They in turn sense a kind of racism in the whites' assumption that minorities must assimilate to mainstream values and styles. Then African-Americans will posit an idea that many whites find preposterous: Black



people, they argue, cannot be racist, because racism is a system of power, and black people as a group do not have power.

In this and many other arenas, a contest rages over the meaning of racism. Racism has become the central term in the language of race. From the 1940s through the 1980s new and multiple meanings of racism have been added to the social science lexicon and public discourse. The 1960s were especially critical for what the English sociologist Robert Miles has called the "inflation" of the term "racism." Blacks tended to embrace the enlarged definitions, whites to resist them. This conflict, in my view, has been at the very center of the racial struggle during the past decade.

The Widening Conception of Racism

The term "racism" was not commonly used in social science or American public life until the 1960s. "Racism" does not appear, for example, in the Swedish economist Gunnar Myrdal's classic 1944 study of American race relations, *An American Dilemma*. But even when the term was not

directly used, it is still possible to determine the prevailing understandings of racial oppression.

In the 1940s racism referred to an ideology, an explicit system of beliefs postulating the superiority of whites based on the inherent, biological inferiority of the colored races. Ideological racism was particularly associated with the belief systems of the Deep South and was originally devised as a rationale for slavery. Theories of white supremacy, particularly in their biological versions, lost much of their legitimacy after the Second World War due to their association with Nazism. In recent years cultural explanations of "inferiority" are heard more commonly than biological ones, which today are associated with such extremist "hate groups" as the Ku Klux Klan and the White Aryan Brotherhood.

By the 1950s and early 1960s, with ideological racism discredited, the focus shifted to a more discrete approach to racially invidious attitudes and behavior, expressed in the model of prejudice and discrimination. "Prejudice" referred (and still does) to hostile feelings and beliefs about racial minorities and the web of stereotypes justifying such negative attitudes. "Discrimination" referred to actions meant to harm the members of a racial minority group. The logic of this model was that racism implied a double standard, that is, treating a person of color differently—in mind or action—than one would a member of the majority group.

By the mid-1960s the terms "prejudice" and "discrimination" and the implicit model of racial causation implied by them were seen as too weak to explain the sweep of racial conflict and change, too limited in their analytical power, and for some critics too individualistic in their assumptions. Their original meanings tended to be absorbed by a new, more encompassing idea of racism. During the 1960s the referents of racial oppression moved from individual actions and beliefs to group and institutional processes, from subjective ideas to "ob-

jective" structures or results. Instead of intent, there was now an emphasis on process: those more objective social processes of exclusion, exploitation, and discrimination that led to a racially stratified society.

The most notable of these new definitions was "institutional racism." In their 1967 book *Black Power*, Stokely Carmichael and Charles Hamilton stressed how institutional racism was different and more fundamental than individual racism. Racism, in this view, was built into society and scarcely required prejudicial attitudes to maintain racial oppression.

This understanding of racism as pervasive and institutionalized spread from relatively narrow "movement" and academic circles to the larger public with the appearance in 1968 of the report of the commission on the urban riots appointed by President Lyndon Johnson and chaired by Illinois Governor Otto Kerner. The Kerner Commission identified "white racism" as a prime reality of American society and the major underlying cause of ghetto unrest. America, in this view, was moving toward two societies, one white and one black (it is not clear where other racial minorities fit in). Although its recommendations were never acted upon politically, the report legitimated the term "white racism" among politicians and opinion leaders as a key to analyzing racial inequality in America.

Another definition of racism, which I would call "racism as atmosphere," also emerged in the 1960s and 1970s. This is the idea that an organization or an environment might be racist because its implicit, unconscious structures were devised for the use and comfort of white people, with the result that people of other races will not feel at home in such settings. Acting on this understanding of racism, many schools and universities, corporations, and other institutions have changed their teaching practices or work environments to encourage a greater diversity in their clientele, students, or work force.

Perhaps the most radical definition of all

was the concept of "racism as result." In this sense, an institution or an occupation is racist simply because racial minorities are underrepresented in numbers or in positions of prestige and authority.

Seizing on different conceptions of racism, the blacks and whites I talked to in the late 1970s had come to different conclusions about how far America had moved toward racial justice. Whites tended to adhere to earlier, more limited notions of racism. Blacks for the most part saw the newer meanings as more basic. Thus African-Americans did not think racism had been put to rest by civil rights laws, even by the dramatic changes in the South. They felt that it still pervaded American life, indeed, had become more insidious because the subtle forms were harder to combat than old-fashioned exclusion and persecution.

Whites saw racism largely as a thing of the past. They defined it in terms of segregation and lynching, explicit white supremacist beliefs, or double standards in hiring, promotion, and admissions to colleges or other institutions. Except for affirmative action, which seemed the most blatant expression of such double standards, they were positively impressed by racial change. Many saw the relaxed and comfortable relations between whites and blacks as the heart of the matter. More crucial to blacks, on the other hand, were the underlying structures of power and position that continued to provide them with unequal portions of economic opportunity and other possibilities for the good life.

The newer, expanded definitions of racism just do not make much sense to most whites. I have experienced their frustrations directly when I try to explain the concept of institutional racism to white students and popular audiences. The idea of racism as an "impersonal force" loses all but the most theoretically inclined. Whites are more likely than blacks to view racism as a personal issue. Both sensitive to their own possible culpability (if only unconsciously)

and angry at the use of the concept of racism by angry minorities, they do not differentiate well between the racism of social structures and the accusation that they as participants in that structure are personally racist.

The new meanings make sense to blacks, who live such experiences in their bones. But by 1979 many of the African-Americans in my study, particularly the older activists, were critical of the use of racism as a blanket explanation for all manifestations of racial inequality. Long before similar ideas were voiced by the black conservatives, many blacks sensed that too heavy an emphasis on racism led to the false conclusion that blacks could only progress through a conventional civil rights strategy of fighting prejudice and discrimination. (This strategy, while necessary, had proved very limited.) Overemphasizing racism, they feared, was interfering with the black community's ability to achieve greater self-determination through the politics of self-help. In addition, they told me that the prevailing rhetoric of the 1960s had affected many young blacks. Rather than taking

Whites see racism largely as a thing of the past. The idea of racism as an "impersonal force" loses all but the most theoretically inclined.

responsibility for their own difficulties, they were now using racism as a "cop-out."

In public life today this analysis is seen as part of the conservative discourse on race. Yet I believe that this position originally was a progressive one, developed out of self-critical reflections on the relative failure of 1960s movements. But perhaps because it did not seem to be "politically correct," the left-liberal community, black as well as white, academic as well as political, has been afraid of embracing such a critique. As a result, the neoconservatives had a clear

field to pick up this grass-roots sentiment and to use it to further their view that racism is no longer significant in American life. This is the last thing that my informants and other savvy African-Americans close to the pulse of their communities believe.

By the late 1970s the main usage of racism in the mind of the white public had undoubtedly become that of "reverse racism." The primacy of "reverse racism" as "the really important racism" suggests that the conservatives and the liberal-center have, in effect, won the battle over the meaning of racism.

Perhaps this was inevitable because of the long period of backlash against all the progressive movements of the 1960s. But part of the problem may have been the inflation of the idea of racism. While institutional racism exists, such a concept loses practical utility if every thing and every place is racist. In that case, there is effectively nothing to be done about it. And without conceptual tools to distinguish what is important from what is not, we are lost in the confusion of multiple meanings.

Back to Basics

While public discourse was discounting white racism as exaggerated or a thing of the past, the more traditional forms of bigotry, harassment, and violence were unfortunately making a comeback. (This upsurge actually began in the early 1980s but was not well noticed, due to some combination of media inattention and national mood.) What was striking about the Bernhard Goetz subway shootings in New York, the white-on-black racial violence in Howard Beach, the rise of organized hate groups, campus racism, and skinhead violence is that these are all examples of old-fashioned racism. They illustrate the power and persistence of racial prejudices and hate crimes in the tradition of classical lynchings. They are precisely the kind of phenomena that many social analysts expected to diminish, as I did.

If there was one positive effect of this upsurge, it was to alert many whites to the

destructive power of racial hatred and division in American life. At the same time, these events also repolarized racial attitudes in America. They have contributed to the anger and alienation of the black middle class and the rapid rise of Afrocentrism, particularly among college students.

As the gap in understanding has widened, several social scientists have proposed restricting the concept of racism to its original, more narrow meaning. However, the efforts of African-Americans to enlarge the meaning of racism is part of that group's project to make its view of the world and of American society competitive with the dominant white perspective. In addition, the "inflated" meanings of racism are already too rooted in common speech to be overturned by the advice of experts. And certainly some way is needed to convey the pervasive and systematic character of racial oppression. No other term does this as well as racism.

The question then becomes what to do about these multiple and confusing meanings of racism and their extraordinary personal and political charge. I would begin by honoring both the black and white readings of the term. Such an attitude might help facilitate the interracial dialogue so badly needed and yet so rare today.

Communication can only start from the understandings that people have. While the black understanding of racism is, in some sense, the deeper one, the white views of racism (ideology, double standard) refer to more specific and recognizable beliefs and practices. Since there is also a cross-racial consensus on the immorality of racist ideology and racial discrimination, it makes sense whenever possible to use such a concrete referent as discrimination, rather than the more global concept of racism. And reemphasizing discrimination may help remind the public that racial discrimination is not just a legacy of the past.

The intellectual power of the African-American understanding lies in its more

critical and encompassing perspective. In the Rodney King events, we have an unparalleled opportunity to bridge the racial gap by pointing out that racism and racial division remain essential features of American life and that incidents such as police beatings of minority people and stacked juries are not aberrations but part of a larger pattern of racial abuse and harassment. Without resorting to the overheated rhetoric that proved counterproductive in the 1960s, it now may be possible to persuade white Americans that the most important patterns of discrimination and disadvantage are not to be found in the "reverse racism" of affirmative action but sadly still in the white racism of the dominant social system. And, when feasible, we need to try to bridge the gap by shifting from the language of race to that of ethnicity and class.

Race or Ethnicity?

In the American consciousness the imagery of race—especially along the black-white dimension—tends to be more powerful than that of class or ethnicity. As a result, legitimate ethnic affiliations are often misunderstood to be racial and illegitimate.

Race itself is a confusing concept because of the variance between scientific and common sense definitions of the term. Physical anthropologists who study the distribution of those characteristics we use to classify "races" teach us that race is a fiction because all peoples are mixed to various degrees. Sociologists counter that this biological fiction unfortunately remains a sociological reality. People define one another racially, and thus divide society into racial groups. The "fiction" of race affects every aspect of peoples' lives, from living standards to landing in jail.

The consciousness of color differences, and the invidious distinctions based on them, have existed since antiquity and are not limited to any one corner of the world. And yet the peculiarly modern division of the world into a discrete number of hierarchically ranked races is a historic product of

Western colonialism. In precolonial Africa the relevant group identities were national, tribal, or linguistic. There was no concept of an African or black people until this category was created by the combined effects of slavery, imperialism, and the anticolonial and Pan-African movements. The legal definitions of blackness and whiteness, which varied from one society to another in the Western hemisphere, were also crucial for the construction of modern-day races. Thus race is an essentially political construct, one that translates our tendency to see people in terms of their color or other physical attributes into structures that make it likely that people will act for or against them on such a basis.

The dynamic of ethnicity is different, even though the results at times may be similar. An ethnic group is a group that shares a belief in its common past. Members of an ethnic group hold a set of common memories that make them feel that their customs, culture, and outlook are distinctive. In short, they have a sense of peoplehood. Sharing critical experiences and sometimes a belief in their common fate, they feel an affinity for one another, a "comfort zone" that leads to congregating together, even when this is not forced by exclusionary barriers. Thus if race is associated with biology and nature, ethnicity is associated with culture. Like races, ethnic groups arise historically, transform themselves, and sometimes die out.

Much of the popular discourse about race in America today goes awry because ethnic realities get lost under the racial umbrella. The positive meanings and potential of ethnicity are overlooked, even overrun, by the more inflammatory meanings of race. Thus white students, disturbed when blacks associate with each other, justify their objections through their commitment to *racial* integration. They do not appreciate the ethnic affinities that bring this about, or see the parallels to Jewish students meeting at the campus Hillel Foundation or Italian-Americans eating lunch at the Italian house on the Berkeley campus.

When blacks are "being ethnic," whites see them as "being racial." Thus they view the identity politics of students who want to celebrate their blackness, their *chicano-ismo*, their Asian heritages, and their American Indian roots as racially offensive. Part of this reaction comes from a sincere desire, almost a yearning, of white students for a color-blind society. But because the ethnicity of darker people so often gets lost in our overracialized perceptions, the white students misread the situation. When I point out to my class that whites are talking about race and its dynamics and the students of color are talking about ethnicity and its differing meaning, they can begin to appreciate each other's agendas.

Confounding race and ethnicity is not just limited to the young. The general

The positive meanings and potential of ethnicity are overlooked, even overrun, by the more inflammatory meanings of race.

public, including journalists and other opinion makers, does this regularly, with serious consequences for the clarity of public dialogue and sociological analysis. A clear example comes from the Chicago mayoral election of 1983. The establishment press, including leading liberal columnists, regularly chastised the black electorate for giving virtually all its votes to Harold Washington. Such racial voting was as "racist" as whites voting for the other candidate because they did not want a black mayor. Yet African-Americans were voting for ethnic representation just as Irish-Americans, Jews, and Italians have always done. Such ethnic politics is considered the American way. What is discriminatory is the double standard that does not confer the same rights on blacks, who were not voting primarily out of fear or hatred as were many whites.

Such confusions between race and ethnicity are exacerbated by the ambiguous sociological status of African-Americans. Black Americans are *both* a race and an ethnic group. Unfortunately, part of our heritage of racism has been to deny the ethnicity, the cultural heritage of black Americans. Liberal-minded whites have wanted to see blacks as essentially white people with black skins. Until the 1960s few believed that black culture was a real ethnic culture.

Because our racial language is so deep-seated, the terminology of black and white just seems more "natural" and commonsensical than more ethnic labels like African-American or European-American. But the shift to the term African-American has been a conscious attempt to move the discourse from a language of race to a language of ethnicity. "African-American," as Jesse Jackson and others have pointed out, connects the group to its history and culture in a way that the racial designation, black, does not. The new usage parallels terms for other ethnic groups. Many whites tend to dismiss this concern about language as mere sloganeering. But "African-American" fits better into the emerging multicultural view of American ethnic and racial arrangements, one more appropriate to our growing diversity. The old race relations model was essentially a view that generalized (often inappropriately) from black-white relations. It can no longer capture—if it ever could—the complexity of a multiracial and multicultural society.

The issue is further complicated by the fact that African-Americans are not a homogeneous group. They comprise a variety of distinct ethnicities. There are the West Indians with their long histories in the U. S., the darker Puerto Ricans (some of whom identify themselves as black), the more recently arrived Dominicans, Haitians, and immigrants from various African countries, as well as the native-born African-Americans, among whom regional distinctions can also take on a quasi-ethnic flavor.

Blacks from the Caribbean are especially likely to identify with their homeland rather than taking on a generic black or even African-American identity. While they may resist the dynamic of "racialization" and even feel superior to native blacks, the dynamic is relentless. Their children are likely to see themselves as part of the larger African-American population. And yet many native-born Americans of African descent also resist the term "African-American," feeling very little connection to the original homeland. Given the diversity in origin and outlook of America's largest minority, it is inevitable that no single concept can capture its full complexity or satisfy all who fall within its bounds.

For white Americans, race does not overwhelm ethnicity. Whites see the ethnicity of other whites; it is their own whiteness they tend to overlook. But even when race is recognized, it is not conflated with ethnicity. Jews, for example, clearly distinguish their Jewishness from their whiteness. Yet the long-term dynamic still favors the development of a dominant white racial identity. Except for recent immigrants, the various European ethnic identities have been rapidly weakening. Vital ethnic communities persist in some cities, particularly on the East Coast. But many whites, especially the young, have such diverse ethnic heritages that they have no meaningful ethnic affiliation. In my classes only the Jews among European-Americans retain a strong sense of communal origin.

Instead of dampening the ethnic enthusiasms of the racial minorities, perhaps it would better to encourage the revitalization of whites' European heritages. But a problem with this approach is that the relationship between race and ethnicity is more ambiguous for whites than for people of color. Although for many white groups ethnicity has been a stigma, it also has been used to gain advantages that have marginalized blacks and other racial minorities.

Particularly for working-class whites today, ethnic community loyalties are often the prism through which they view their whiteness, their superiority.

Thus the line between ethnocentrism and racism is a thin one, easily crossed—as it was by Irish-Americans who resisted the integration of South Boston's schools in the 1970s and by many of the Jews and Italians that sociologist Jonathan Rieder describes in his 1985 book *Canarsie*.

White students today complain of a double standard. Many feel that their college administrations sanction organization and identification for people of color, but not for them. If there can be an Asian business organization and a black student union, why can't there be a white business club or a white student alliance? I'd like to explain to them that students of color are organized ethnically, not racially, that whites have Hillel and the Italian theme house. But this makes little practical sense when such loyalties are just not that salient for the vast majority.

Out of this vacuum the emerging identity of "European-American" has come into vogue. I interpret the European-American idea as part of a yearning for a usable past. Europe is associated with history and culture. "America" and "American" can no longer be used to connote white people. "White" itself is a racial term and thereby inevitably associated with our nation's legacy of social injustice.

At various California colleges and high schools, European-American clubs have begun to form, provoking debate about whether it is inherently racist for whites to organize as whites—or as European-Americans. Opponents invoke the racial analogy and see such organizations as akin to exclusive white supremacist groups. Their defenders argue from an ethnic model, saying that they are simply looking for a place where they can feel at home and discuss their distinctive personal and career problems. The jury is still out on this new

and, I suspect, burgeoning phenomenon. It will take time to discover its actual social impact.

If the European-Americans forming their clubs are truly organizing on an ethnic or panethnic rather than a racial model, I would have to support these efforts. Despite all the ambiguities, it seems to me a gain in social awareness when a specific group comes to be seen in ethnic rather than racial terms. During the period of the mass immigration of the late nineteenth century and continuing through the 1920s, Jews, Italians, and other white ethnics were viewed racially. We no longer hear of the "Hebrew race," and it is rare for Jewish distinctiveness to be attributed to biological rather than cultural roots. Of course, the shift from racial to ethnic thinking did not put an end to anti-Semitism in the United States—or to genocide in Germany, where racial imagery was obviously intensified.

It is unrealistic to expect that the racial groupings of American society can be totally "deconstructed," as a number of scholars now are advocating. After all, African-Americans and native Americans, who were not immigrants, can never be exactly like other ethnic groups. Yet a shift in this direction would begin to move our society from a divisive biracialism to a more inclusive multiculturalism.

To return to the events of spring 1992, I ask what was different about these civil disturbances. Considering the malign neglect of twelve Reagan-Bush years, the almost two decades of economic stagnation, and the retreat of the public from issues of race and poverty, the violent intensity should hardly be astonishing.

More striking was the multiracial character of the response. In the San Francisco Bay area, rioters were as likely to be white as nonwhite. In Los Angeles, Latinos were prominent among both the protesters and the victims. South Central Los Angeles is now more Hispanic than black, and this

group suffered perhaps 60 percent of the property damage. The media have focused on the specific grievances of African-Americans toward Koreans. But I would guess that those who trashed Korean stores were protesting something larger than even the murder of a fifteen-year-old black girl. Koreans, along with other immigrants, continue to enter the country and in a relatively short time surpass the economic and social position of the black poor. The immigrant advantage is real and deeply resented by African-Americans, who see that the two most downtrodden minorities are those that did not enter the country voluntarily.

During the 1960s the police were able to contain riots within the African-American community. This time Los Angeles police were unable to do so. Even though the South Central district suffered most, there was also much destruction in other areas including Hollywood, downtown, and the San Fernando Valley. In the San Francisco Bay area the violence occurred primarily in the white business sections, not the black neighborhoods of Oakland, San Francisco, or Berkeley. The violence that has spilled out of the inner city is a distillation of all the human misery that a white middle-class society has been trying to contain—albeit unsuccessfully (consider the homeless). As in the case of an untreated infection, the toxic substances finally break out, threatening to contaminate the entire organism.

Will this widened conflict finally lead Americans toward a recognition of our common stake in the health of the inner cities and their citizens, or toward increased fear and division? The Emmett Till lynching in 1955 set the stage for the first mass mobilization of the civil rights movement, the Montgomery bus boycott later that year. Martin Luther King's assassination provided the impetus for the institution of affirmative action and other social programs. The Rodney King verdict and its aftermath must also become not just a psychologically defining moment but an impetus to a new mobilization of political resolve. ♦

Quiet Success

Where Managed School Integration Works

J.S. Fuerst and Roy Petty

Thirty-seven years after the Warren Court in *Brown v. Board of Education* called for public school integration with “all deliberate speed,” school integration is widely viewed as a lost cause. Especially in large cities, many classrooms are almost entirely black. Partly as a consequence, many blacks have embraced separatism as a more realistic route to improved educational opportunity. Many affluent whites have fled big-city public school systems for suburban, private, or parochial schools.

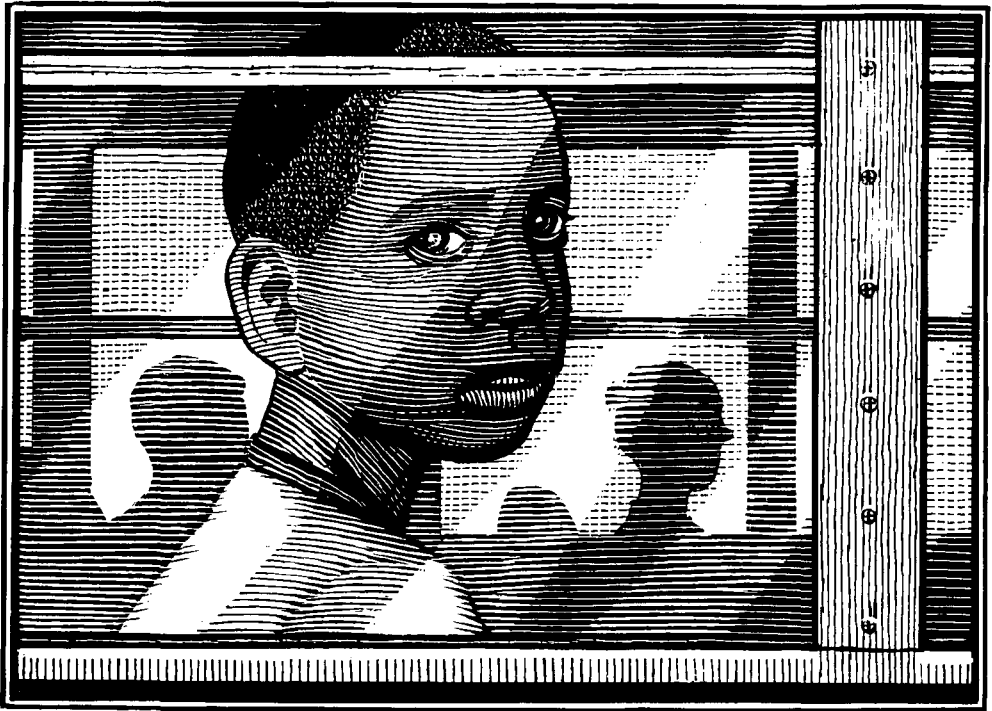
School busing, as a remedy, has come in for increasing criticism, even from the Supreme Court itself. As Justice Anthony Kennedy commented during oral arguments in a recent Oklahoma City case, “I see no advantages to have been brought about by busing.” In a more recent case,

the same Justice Kennedy wrote a majority opinion that included the ominous statement that “racial balance is not to be achieved for its own sake.” Critics and activists of diverse political stripes, looking at the most highly publicized school integration battles, have largely concluded that public schools remain as segregated as ever, and—as a January 1991 *Washington Post* article put it—that “busing is a thing of the past.”

But that conclusion—notwithstanding some qualifications—is mostly wrong. With little fanfare, integration has become a fact of life for the majority of African-American schoolchildren in the United States. While schools in most of the biggest cities remain stubbornly segregated, managed integration—achieved largely through intelligent use of busing—is working in hundreds of small and medium-sized communities all across the country. In communities as diverse as Long Beach, Fresno,

and Berkeley, California; Omaha and Lincoln, Nebraska; Racine and Madison, Wisconsin; Louisville and Lexington, Kentucky; Charlotte and Raleigh, North Carolina; Austin and Arlington, Texas; Montclair and Teaneck, New Jersey; Bloomfield and Windsor, Connecticut; Annapolis and Montgomery County, Maryland; and Cape Girardeau, Missouri—to name only some that we have surveyed—managed integration is working, as demonstrated by stable school and residential black-white ratios, as well as stable or improved test scores among students in those schools.

The evidence is not merely anecdotal. Further proof is found in a little-known survey conducted by the U.S. Department of Education’s Office of Civil Rights in 1988, which surveyed 4.8 million black public school children, randomly selected out of a total of 6.1 million or more black school children in the U.S. The study found that of



those 4.8 million children, only 1.9 million went to schools that had more than 70 percent black enrollment. In other words, 60 percent of black schoolchildren in the United States attend what are clearly integrated schools. Indeed, 53 percent of black schoolchildren attend schools where black enrollment is only 60 percent or less.

Admittedly, integration efforts in some cities—notably the larger urban areas, in both the North and South—have been far less effective. In Detroit, Philadelphia, Atlanta, Memphis, and Birmingham, for example, more than 90 percent of all public school students are black, making it virtually impossible to engage in more than token integration. These cities do not, however, signal the wholesale failure of busing, as critics suggest. Rather, they suggest that where demographics and geography (aided by the courts' unwillingness to extend integration decrees across city-suburban boundaries) make busing unattainable, there is a need for other ways to ensure that black schoolchildren receive an education that is on equal footing with integrated schools.

One sign of integration's health is its pervasiveness: It is not just a regional phenomenon but is occurring across the nation, including in the Deep South, once the bastion of segregation. In Louisiana, Georgia, and notably North and South Carolina, 62 percent of all black schoolchildren go to integrated schools (defined as schools with less than 70 percent black students). In South Carolina, only one-fifth of the state's 800 public schools are predominantly white (that is, 90 percent or more white). And in most places these figures have held up over time; they are not merely an artifact of schools in the process of resegregating.

Some cities such as Raleigh and Charlotte, North Carolina; Indianapolis; Portland, Oregon; and Dade County, Florida have increased integration by including outlying schools in predominantly white suburbs through metropolitanization of school districts or city and county governments. (Metropolitanization is the combining of central city and suburban local units of government under one areawide authority.) Other cities—Boston, Hartford,

Milwaukee, and St. Louis—have integrated at least some suburban schools through voluntary agreements under which limited numbers of central city children are bused to the suburbs. These programs are only voluntary, it should be noted, since the Supreme Court barred court-ordered metropolitan desegregation in *Milliken v. Bradley* nearly twenty years ago. Through programs like Metco in Boston and Project Concern in Hartford, business communities have often provided leadership for these voluntary efforts.

In many midsize cities, school integration may not enjoy wide admiration and support—but at least it has been accepted as a necessary fact of life. As David Bennett, superintendent of schools in St. Paul, Minnesota (and former superintendent in Milwaukee), says, “Fifteen percent of our school population is black, and desegregation is a nonissue.” Superintendents in Racine, Wisconsin and Austin, Texas make similar points. In Nashville, Deputy Superintendent of Schools Bill Wise describes busing for desegregation as being merely “tolerated.” Nonetheless, even unenthusiastic acceptance is a giant step beyond the emotional opposition of the past. Such testimonials may seem tepid, but mere “tolerance” by whites translates into successful integration: in all the above cities, the same officials observe that integrated schools have generally kept stable black-white student ratios over the years, the quality of education offered to black students has improved, and student performance has remained good or has even improved.

Where Integration Works

Consider some of the integration success stories. Racine, Wisconsin, for example, is a manufacturing town of about 80,000 people, 15 percent of whom are black. There are about 22,000 youngsters in the public school system, of whom 30 percent are black. Individual schools vary from 17 percent to 40 percent black students; 11,000 students—half of all the students in the system—ride school buses every day.

Magnet schools, which serve gifted children or offer special programs in languages, arts, or sciences, have been markedly effective in drawing white children into inner-city schools. These schools flourish in Seattle, Omaha, Raleigh, and other cities, many of which report waiting lists of white students for magnet schools in black areas.

In Charlotte, North Carolina, the Charlotte-Mecklenburg school system demonstrates that court-mandated busing can work in the right circumstances. In one of the most famous desegregation cases, the Burger Court in 1970 unanimously upheld a plan to set 71 percent-29 percent integration targets for all schools. It set the ratio as a flexible guideline, rather than a strict quota, a principle the Court has followed consistently in *Bakke*, *Weber*, *Beer*, and other cases, where it held that only “rigid” quotas were unconstitutional.

Today the integration plan is still in place and working. Charlotte-Mecklenburg School District Research Director Charles Delaney reports that there are forty-five schools with between 25 percent and 50 percent black students. The once all-black inner city schools have been integrated using eighteen magnet schools offering high-quality specialized programs to attract white students from outlying areas. The plan works, he says, and there are waiting lists of students wanting to be bused into the inner-city magnet schools in black areas.

One effect of Charlotte’s long-term and stable integration program has been an increase in residential integration, which perhaps indicates that at least some whites’ fears of being overwhelmed by blacks have been allayed. As a result, the need for busing has been reduced somewhat. Much of Charlotte’s success has been the result of intelligent planning and flexibility. When a new housing development was built outside the city of Charlotte, the school district built a new school midway between the new development and the city itself, so that black and white children from both areas

would be bused an equal distance, about twenty minutes.

Another success story involving extensive busing and other integration management tools is in Omaha, Nebraska. There, 12 percent of the general population and 28 percent of the public school enrollment are black. Some 12,000 students, more than one-fourth of the student body, are bused every day; 8,000 of them are bused for desegregation purposes. Forty schools have about 15 percent black students, and ten schools have about 35 percent black students. According to Irving Young, director of research for the school board, busing and integration both are working. Similar situations are reported in Lincoln, Nebraska, Wichita, Kansas, and Des Moines, Iowa, all of which have similar racial demographics.

In Montclair, New Jersey, where blacks are 25 percent of the population but 45 percent of the public school population, there was disagreement between the school board, which wanted to limit black students to 15 percent in certain predominantly white areas, and the local NAACP, which wanted the limit to be 25 percent. But significantly, the NAACP did not propose a ratio of 45 percent—reflecting the citywide average—but a compromise of 25 percent. Montclair's successful experience is duplicated in many smaller cities around the country, from Teaneck, New Jersey, to Cape Girardeau, Missouri, where local officials combine intelligent use of busing with a flexible approach to setting and adjusting black-white ratios at individual schools. As a result, neighborhoods and schools both remain stable and the quality of education remains high.

Another example is found in suburban Chicago, in Blue Island and Calumet Park, where the school board announced a plan for transferring several hundred black students from a high school with a majority of blacks to another high school with less than 10 percent blacks. The plan provided a better racial balance, but it brought protests

from black parents who complained that only black children were being bused and from white parents who pointed out that their school already had 10 percent black youngsters and that more blacks would lead to resegregation. Nevertheless, the shift was made, and each high school now has about 30 percent minority students and a stable population with reading and math scores at national norms.

Supreme Equivocation

Despite widespread progress, the quiet success of managed school integration using busing has now been endangered by the very institution that brought it about in the first place: the Supreme Court. In two recent school desegregation cases, the Court signaled that it may be backing away from its nearly forty years of commitment to school integration.

In *Freeman v. Pitts*, the Court's decision included some language which, while merely dicta and not part of the holding, could limit the future effects of *Brown v. Board of Education*. The case involved the DeKalb County, Georgia school system, which has long been under a federal court-ordered segregation plan. DeKalb County, a racially and economically mixed area, has only 30 percent white families, and about half its schools are reasonably well integrated. In the lead opinion, Justice Kennedy said, "Racial balance is not to be achieved for its own sake. It is to be pursued when racial imbalance has been caused by a constitutional violation. Once the racial imbalance due to the *de jure* violation has been remedied, the school district is under no duty to remedy imbalance that is caused by demographic factors."

Also unsettling is the Court's 1991 decision in *Board of Education of Oklahoma City v. Dowell*. In that case, the Court sanctioned school districts' efforts to reduce the use of busing as a tool for desegregation, although Thurgood Marshall wrote a ringing dissent indicating that *Brown* was being undermined and that school integration was still a categorical imperative.

Overall, the Oklahoma City school system's students are 45 percent white, 40 percent black, 8 percent Hispanic, 5 percent native American, and 2 percent Asian. (The city's population is 20 percent black.) Well over half the schools in the city are integrated, and there are only a handful of schools with more than 70 percent white students. However, Oklahoma City also has eleven schools that are predominantly black. And the Supreme Court recently allowed those schools to remain mostly black in order to preserve integration elsewhere in the system. The *Dowell* decision, though reasonable in that specific case, may ultimately have a negative impact on busing and therefore school integration.

In defending its position, Oklahoma City argued its system as a whole was still reasonably well integrated—which is generally true—and that the eleven all-black schools received more school district money per capita than the city average (\$2,300 compared with a \$2,100 average per year) and had a smaller average class size (seventeen per class compared with twenty per class districtwide). Finally, the city offered evidence that black families in the area preferred to see improvements in their local schools over having their children—particularly children in early primary grades—bused elsewhere.

Today there are still twenty-five schools in the city where black children represent from 40 to 60 percent of the population; and in the remaining schools (somewhat less than half the system), minority children, mostly black, represent from 20 to 40 percent of each school's population. No school has less than 10 percent black children—hardly a reversion to segregation.

The city's position was in many ways quite reasonable, and it has since been making good-faith efforts to keep its school system integrated and high in quality. And yet, sensible though Oklahoma City's position might be, given its local circumstances, this decision may produce a profoundly negative effect: It may give other school districts the green light to reduce the use of

busing to achieve integration. The motivation in many locations may be racial or fiscal, or a combination of the two.

Cost is a compelling issue for school districts where large numbers of children must be bused long distances to achieve integration, as in Seattle; Columbus, Ohio; Louisville; and Pasadena, California, where school districts have expressed concern over the cost. Indeed, since the *Dowell* decision, some cities have been making plans to reduce the amount of busing for desegregation.

While school districts everywhere need to pinch pennies any way they can, busing programs are not budget-busters. In Oklahoma City, the total cost of all busing—not just for desegregation but for all purposes—amounts to only 2 to 3 percent of the total budget of the school system. School officials in other cities, such as Chicago and Seattle, confirm that their total busing costs account for only about 2 percent of their budgets and that busing for desegregation is only a portion of that cost.

If cities reduce or eliminate busing ostensibly to save money, it may reverse the progress school integration has made, for a very simple and obvious reason: Residential housing remains highly segregated, so that busing—and often a very substantial amount of busing—is the only realistic way to achieve any degree of integration.

Housing segregation and school desegregation have long been inextricably linked. While many whites seem to have accepted integrated workplaces and, to a surprising degree, integrated schools, many are still resistant to living next door to black families, particularly in neighborhoods seen as near the racial "tipping point." The end of *de jure* segregation and the advent of tough federal and state fair housing laws made it possible for blacks to move into formerly all-white neighborhoods, but the tendency of whites is still to frustrate integration schemes by voting with their feet. The percentage of blacks that white residents will tolerate is

generally increasing, particularly in areas with many single-family homes and older residents and where there are already a substantial percentage of other minorities. But while a number of towns like Oak Park, Illinois; Shaker Heights, Ohio; University City, Missouri; and Teaneck, New Jersey have maintained residential as well as school racial balance over the years, the struggle for racial balance in housing is by no means over.

Despite the growth of greater racial tolerance generally, where school integration is introduced clumsily it can intensify the psychology of white flight. The classic example is Boston. In the 1970s, U.S. District Court Judge Arthur Garrity, in an attempt to desegregate Boston's schools, issued what some saw as a draconian decree requiring white students to go from their lower-middle-class areas into inadequately performing black schools and to accept into their neighborhood schoolchildren from the black neighborhoods. White parents resisted, nearly to the point of open revolt, and the Boston school system went from 12 percent black to more than 50 percent black, leaving a white school population of less than 25 percent.

Clearly, even where there remain sizable numbers of white students in some big-city school systems, such as Chicago, Cleveland, St. Louis, and Milwaukee, efforts to achieve integration are often frustrated by a number of factors, notably geography and insensitive administrations. In our racially segregated cities, while integrated schools require busing, too much busing into already integrated schools can be counter-productive.

In Chicago in the 1980s, Superintendent of Schools Manfred Byrd implemented a federal policy more or less mandating that all schools in the city maintain a 65-percent black student body. The plan was implemented with little regard for neighborhood composition, current integration efforts already working in white neighborhoods where busing was taking place, or neighborhoods that were already somewhat ra-

cially integrated. As a result, many formerly integrated schools simply re-segregated. For example, in nineteen schools that had at least 70 percent white students in 1983, the average percentage of white students dropped from 72 percent to 52 percent by 1987, to 30 percent in subsequent years, and is still declining. Experience has shown that for school integration to work, particularly in big cities where the number of white students remaining in the public school system is small, racial balance in the remaining schools must be sensitively monitored.

An earlier classic example of how not to integrate took place in Chicago's South Shore neighborhood. A school boundary change in the 1960s meant that South Shore High School changed from 20-percent black to 60-percent black in one semester; the change was a leading causative factor (along with the venality of real estate agents and landlords) in the rapid exodus of virtually all white residents. Today South Shore schools are 95-percent black.

In viewing such cases, one is reminded of the concurring opinion of former Justice Lewis Powell in a Dallas school desegregation case:

Parents, unlike officials, are not bound by school or court decrees and may frustrate them through the simple expedient of withdrawing their children from a public school in which they have lost confidence. The impact of such remedies may be seen here in higher enrollment in private schools, in further migration to the suburbs, or in refusal to move into the school district....Out of zeal to remedy one evil, courts may encourage or set the stage for other evils. By acting against one-race schools, courts may produce one-race systems.

Urban Isolation

While many small and medium-sized cities are making strides in school integration, most big cities, and those whose population is predominantly black, continue to have largely segregated schools.

Some 1.8 million black children go to schools either in the largest cities, or in smaller, predominantly black cities such as Camden, New Jersey; Gary, Indiana; and Compton, California. All told, in the forty largest U.S. cities, the public school population averages 72-percent black.

Much of this racial isolation resulted from the precipitous white flight of earlier decades, occasioned by the fear that when blacks moved into a white city neighborhood or suburb, the area would quickly become predominantly black, property values would drop, crime would increase, public services would decline, and school performance would deteriorate.

To the extent that white flight made these partly self-fulfilling prophecies, there was some truth to them. On the other hand, a study conducted in Chicago many years ago indicated that when blacks move into white areas in moderate percentages, property values are not affected.

Moreover, the evidence shows that integration of schools does not lead to a decline in student performance where a reasonable racial balance is maintained. Chicago, for example, over a ten-year period carried on a successful busing program from black inner-city areas to the virtually all-white northwest side. One of us, J.S. Fuerst, studied this program in 1983 and found that in formerly all-white, outlying schools to which moderate numbers of black, inner-city children were bused over a protracted period, reading and math scores for both black and white students improved. What's more, there was no significant white flight.

Similarly, a 1983 study of Milwaukee schools showed that where the proportion of black children in any school remained below approximately 30 percent of the total, there were no changes in overall reading scores, nor were there significant numbers of white children withdrawing from school. Findings on reading scores and move-outs were similar in integrated school systems in Shaker Heights, Ohio and Windsor, Connecticut. Some white families sought to

avoid integration by sending their children to private schools, such as the South's so-called "segregation academies." This exodus would be stimulated by some versions of voucher proposals, which would subsidize attendance at private schools for those who could afford to pay the difference. Yet the "segregation academy" option has apparently grown less attractive for whites. Officials in cities as varied as Seattle, Nashville, Racine, and Pasadena report that there has been no increase in private school enrollment over the past decade or more, as integration programs stabilized and succeeded. In fact, the Department of Education recorded a 4-percent drop in U.S. private school enrollment between 1980 and 1989.

In any event, fears among whites of being inundated by blacks should be receding: the black population has leveled off at 14 percent nationally, the rate of black growth in many cities has slowed, and the total number of black schoolchildren has already peaked and is now declining. Additionally, as employment increasingly moves to the suburbs, city residents—including minorities—follow. The past decade has seen a moderate increase in residential integration as well as school integration in formerly all-white areas, even though many suburbs of big cities have also experienced clusters of minority residents.

The Suburban Fortress

Obviously, in metropolitan areas where the central city schools are predominantly black and the suburban schools are predominantly white, the most effective integration strategy is to require suburban schools to participate. While the concept of a "metropolitan-wide" school desegregation plan immediately raises fears among suburban whites of hours-long bus rides for their children into inner-city schools, a rational metropolitan plan need not be nearly so drastic. In many cities, genuine integration could be achieved through selective, short-distance busing just across city-suburban boundaries.

Unfortunately, the Supreme Court blocked that avenue in 1974 in its disappointing decision in *Milliken v. Bradley*. Looking at the virtually all-black schools of Detroit surrounded by the virtually all-white schools of the suburbs, District Court Judge Stephen Roth in 1974 had ordered suburban districts included in his desegregation decree. His plan was to require Detroit to bus a substantial number of

The fact that our schools are more racially integrated than ever before suggests that we are not doing as badly as many critics of our educational system maintain.

its students to the suburbs and for the suburbs to bus students into Detroit. To Judge Roth, this was the only way desegregation could ever be achieved—to do otherwise would be to reinstitute a new form of *de jure* segregation, allowing whites to confound the thesis of *Brown* by relocating and drawing a municipal boundary between themselves and the black residents of the metropolitan area.

But five members of the Supreme Court (including Justice Powell) backed away from the metropolitan solution, reversing Judge Roth on the flimsy ground that there was not enough evidence that the state of Michigan had committed constitutional violations serious enough to warrant such intervention in state and local autonomy. *Milliken* thus ended any realistic hopes for meaningful desegregation in most large-city school systems around the country.

A Separatist Solution?

Today the response of a growing number of black parents to the failure of big-city school integration is, "So what?" It is not unreasonable that many African-Americans find inherently offensive the premise of balanced school integration: that black

children cannot get an education where blacks are in the majority or, worse, where there are no white students. On the other hand, this black separatism—occasioned in part by the failure to desegregate many big city schools—and by the even more egregious failure to improve the all-black schools where they are, has become one of the greatest roadblocks to further integration of schools. Many blacks, frustrated with integration's limitations, evidently agree with W.E.B. Du Bois, who declared over a century ago, "There is no hope for blacks if we depend on our white fellow citizens....Let us conduct our own schools."

As the black separatist movement gains momentum, many prominent black leaders argue that children in predominantly black schools need better schools, not just integrated schools. They point out that in spite of desegregation efforts, achievement test results show that many black children are not progressing as well as they should. Many studies have shown that average reading and math test scores for low-income black children in all-black ghetto schools are below where they should be and far behind those of their white counterparts.

It is true that integration is no panacea for every school and every district. It is also true that in the right circumstances, students in all-black schools can do as well as black students in integrated schools, and such schools should be nurtured. A study by coauthor J.S. Fuerst of the thirty best public elementary schools in Chicago black neighborhoods, published in *The Public Interest* in 1976, found that students in these schools performed very well by any standard. In schools with virtually all-black enrollment, the dropout rate was minimal, and math and reading scores in the second and eighth grades averaged at grade levels 3.4 and 8.2 respectively.

Anecdotal evidence from many other cities also points to excellent results in all-black schools, whether or not they benefited from special programs or extra resources. A common characteristic shown in all such successful schools is their location in

black middle-class neighborhoods, or at a minimum in areas where families with one or two wage earners predominate and welfare dependence is low. This fact only underscores that the deeper problem with many schools in large urban areas is not so much that they are in racially segregated areas but that those areas are both racially and economically segregated.

Even schools that are successfully integrated, as we define it—stable racial balance in both school and neighborhood and no decline in school performance or education quality—can and do have racial tensions. Even integrated schools can often be internally segregated, where whites and blacks socialize separately, form separate organizations, and hold separate social, cultural, and educational events. Simply putting white and black students together in the same classrooms does not eliminate racism or render students racially color-blind. There is clear evidence that within integrated schools, segregation continues to exist, in part stimulated by black and white separatists.

But perhaps that's not the point—certainly not as far as most blacks are concerned. The original rationale for integration was simply to ensure that black students receive at least the same quality of education that white students do. As the experience of black middle-class schools has shown, high-quality education can certainly be achieved without the presence of white students. For many black families, however, a better education is more quickly and easily accessible for their children through busing to magnet schools and better neighborhood schools than by awaiting substantial improvement in all-black schools. And while many blacks understandably protest unilateral busing of blacks, until black schools are brought up to par, busing white children to black schools will not be possible in the calculable future without causing white flight.

Certainly, the fact—probably surprising to many people—that our schools are more racially integrated than ever before suggests that we are not doing as badly as many critics of our educational system maintain. However, for integration to work, racial balance limiting the number of black students in any school must be carefully monitored to avoid precipitating white flight, and such efforts may well have to vary from one school to the next, and from one time to the next. In other words, flexibility is the order of the day.

Moreover, the problem of schools in ghetto neighborhoods, attended almost solely by low-income black children, isolated from the nearest white neighborhoods—perhaps by many miles—is not one that can be addressed easily by desegregation through busing.

Integration alone will never be a panacea, or even feasible in the near term, for many inner-city schools filled with disadvantaged children. The only way to improve education and student performance in these schools is to provide truly massive resources, not just in the public schools but in social services and related programs, particularly intensive, early-childhood education through the primary grades.

That doesn't mean we should give up on school integration. As Congressman August Hawkins pointed out a generation ago and Justice Thurgood Marshall has emphasized, it is in the interests of both white and black children to be educated together, not so much for educational achievements but to civilize and humanize society. Where the process is managed sensitively, it can work and is in fact working. As long as housing remains segregated, racial balance cannot be achieved without busing. So busing must be accepted as a necessary reality—but ultimately as only a temporary expedient toward genuine integration, where busing will no longer be necessary because equality of education has arrived and enforced segregation is a thing of the past. ♦

From "Projects" to Communities

How to Redeem Public Housing

John Atlas and Peter Dreier

After a quick visit to riot-torn Los Angeles in May this year, George Bush dusted off an old plan to privatize public housing and offered it as part of his face-saving plan to show he cares about America's cities. In fact, public housing represents less than 2 percent of the nation's housing supply, yet it looms large in public debate about national housing policy: Should we sell apartments to tenants? Demand better-behaved tenants? Evict drug dealers (and their families) from projects? Give tenants a stronger voice in management? Tear down developments? Replace them with housing vouchers?

In the midst of the broadest housing crisis since the Depression—declining home-ownership, scarce affordable rental housing, rising homelessness—why does public housing command so much attention?

In a conservative era, public housing seems to many Americans a metaphor for the failures of activist government. The conservative attack on public housing is part of a larger privatization agenda to reduce government and discredit public endeavors of economic uplift.

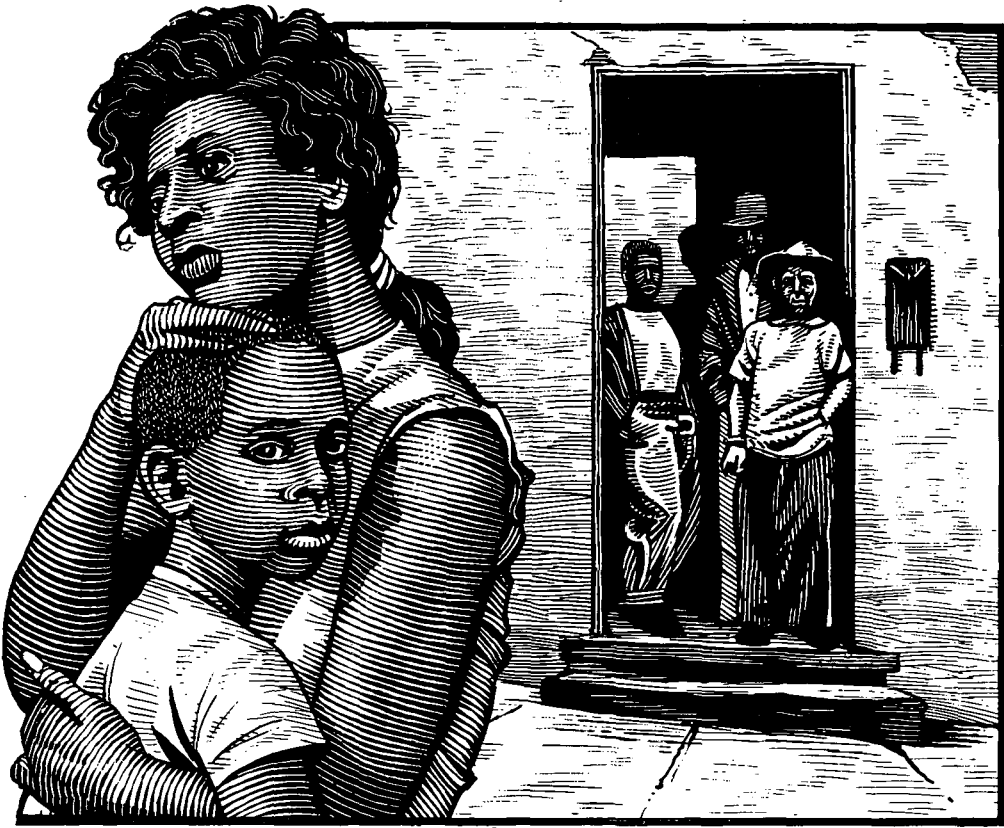
But unless defenders of activist government address public housing's real dilemmas, it will continue to serve as a decrepit symbol, mocking aspirations of public improvement. Restoring public housing's integrity will require not just programmatic reform but ideological and political revision as well.

The first thing to appreciate about public housing is that it has become the housing of last resort for the very poor—often those without jobs, skills, or hopes. Thus the dilemma is partly circular: public housing is likely to remain socially and politically unattractive until we alleviate poverty itself. To that end, one

might imagine new public expenditure—on job-creating public works, human capital programs of training and education, as well as health care and child care. But such an agenda will not likely receive majority support unless the voters believe their tax dollars will be well spent. And there stands public housing, our most visible symbol of well-intentioned government gone awry.

Politically, public housing encompasses several voter backlashes—against crime, drugs, illegitimacy, violent youth, minorities, the "undeserving" poor, and government itself. Joining Ronald Reagan's welfare queen and George Bush's Willie Horton is the public housing drug dealer protected by the American Civil Liberties Union.

Where to break into the circle? There is today a broad consensus among social scientists, policy experts, and politicians that public funds by themselves will not



cure the current epidemic of drugs, gangs, and violence in America's slums. Conservative Housing and Urban Development (HUD) Secretary Jack Kemp, liberal sociologist William Julius Wilson, and the Rev. Jesse Jackson all argue for self-help—that ghetto residents themselves must change the moral environment in which they live. But bootstrap lectures alone will not restore the physical, economic, and moral well-being of the ghettos. Without public funds, self-help efforts are doomed to fail.

As we shall see, there are workable strategies to turn subsidized housing into livable communities. But they will require a revision of cherished beliefs across the political spectrum. Conservatives will have to abandon the idea that the marketplace, by itself, can provide affordable housing for the poor. And progressives will have to acknowledge that the rights of residents must be balanced with responsibilities to communities.

Myth and Reality

The best-kept secret about public housing is that most of it actually provides decent, affordable housing to many people. Properly run, it remains one of the best options for housing the poor. There are 1.3 million public housing apartments and about 800,000 families on the waiting lists of the nation's 3,060 local housing authorities. Public housing developments often are no worse than privately owned, low-rent apartments; most, in fact, are better, which is why the waiting lists continue to swell. But because public housing involves tax dollars, it is more visible and open to public scrutiny.

Many projects, especially racially isolated high-rises in big cities, have indeed failed. These represent less than one-quarter of the nation's public housing, but they cast a giant shadow. The projects isolate and concentrate minorities dependent

on welfare, suffering from high unemployment rates, teenage pregnancy, single parenthood, and a climate of serious crime. Some projects, like St. Louis's infamous Pruitt-Igoe homes, virtually ceased to function as viable communities. Pruitt-Igoe was eventually dynamited by the city not because of structural flaws but because it was an unlivable environment.

Today many public housing families face the daily fear of death from drugs, drug wars, or random shots that hit innocent victims. Children are afraid to walk to school, and elderly tenants, for whom hallways and elevators are as dangerous as streets, are afraid to leave their apartments. In these devastated neighborhoods, families are destroyed.

These projects have become the playgrounds for drug-dealing predators, as depicted in the 1991 movie *Straight Out of Brooklyn* by Matty Rich (who grew up in Brooklyn's Red Hook projects) and in Alex Kotlowitz's book chronicling life in the Chicago projects, *There Are No Children Here*. As they portray it, public housing has become more a trap than a ladder.

Where public housing's troubles inevitable? During the Depression, public housing began as an ad hoc public-works program to create jobs. From the program's formal legislative inception in 1937, it was aimed at providing housing for the "submerged middle class," those who could not find suitable housing in the private market but not the very poor with no means to pay rent. Senator Robert Wagner of New York, principal author of the Housing Act of 1937, declared, "There are some whom we cannot expect to serve...those who cannot pay the rent." Rents originally covered all operating expenses except debt service. The principal and interest on bonds floated by local housing authorities to construct the buildings were paid by the federal government.

For years, this arrangement worked. Vincent Lane, until recently the chairman of the Chicago Housing Authority (CHA),

remembers when public housing was new. Four decades ago, Lane's family moved from the South to a cold-water flat opposite the CHA's Wentworth Gardens development. It boasted broad playgrounds, heat, hot water, and basketball courts. "I envied the kids in public housing," Lane recalls. "The best housing in the community was Wentworth Gardens."

By 1942, 175,000 public housing apartments—most in two-to-four-story buildings—were constructed in 290 communities. By 1946, another 195,000 units of "permanent" housing were built in areas where war industry or military bases had created new demand for housing. After the war, recognizing the pent-up demand for housing and fearing competition from public housing (which it claimed was an opening wedge for socialism), the real estate industry sabotaged the public housing program by pressuring Congress to limit it to the very poor. That new rule, embodied in the 1949 Housing Act, was the beginning of the decline of public housing.

From 1944 to 1951, minorities represented between 26 percent and 39 percent of all public housing tenants. By 1978, the figure reached over 60 percent. From 1950 to 1970, the median income of public housing residents fell from 64 percent to 37 percent of the national median. By 1988, the average income of public housing households was \$6,539, one-fifth of the national average (\$32,144). Today only about 40 percent of nonelderly households in public housing have a wage earner. Among big cities, the percentage of working poor is highest in New York City—about 60 percent—which perhaps explains why, with some exceptions, its public housing projects are among the best in the country.

The look of public housing, cheap and proud of it, contributed to the isolation of its residents. By constructing buildings often compared to warehouses, the program stigmatized "government housing," rendering it unattractive to even the lower middle class, who would rely instead on private builders for the American Dream.

High-rise designs, reflecting the need to minimize land costs, contributed to the rise in crime. One study found that in New York the difference between high-rise and low-rise projects was much more significant as an explanation for crime rates than was the ratio of welfare families. The study showed that the number of robberies in a housing

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project rose proportionately with its height.

Despite the popular stereotype, high-rises account for only 27 percent of public housing buildings (32 percent are garden apartments, 16 percent low-rise walk-ups, and 25 percent single-family homes or townhouses). But high-rise projects, most of them in the largest cities, account for many of the problems. Congress ended the construction of high-rises in the mid-1970s, except those built for the elderly.

Conservatives and the real estate industry also fought to ensure that participation by cities was voluntary and administration was local. Decisions about whether, or where, to build developments were left to local officials, often dominated by private real estate interests. Few units were built in affluent areas. As public housing became the home of blacks and other minorities, local control by white politicians contributed to patterns of racial segregation.

Since the 1960s, fast-rising operating expenses have far outpaced tenants' incomes. As a result, local authorities have lacked the income to provide day-to-day maintenance, deferring repairs and capital improvements. Rising energy costs in the early 1970s further strapped residents. Faced with a decaying stock of public housing, Congress appropriated additional subsidies so that tenants would pay not

more than 25 percent (since Reagan, 30 percent) of their incomes on rent. But the additional funds were inadequate to meet operating expenses, so even the best-managed projects continued to deteriorate physically. Cutbacks during the Reagan era merely made a bad situation worse. A 1987 Abt Associates study estimated a \$21.5 billion backlog in basic repairs and capital improvements for the nation's public housing stock.

Shared Mistakes

Looking back, it is fair to blame conservatives more than liberals for these policy mistakes. Conservative and real estate industry support was paid for with legislative compromises assuring that public housing, originally designed for the working poor and young families starting out, would instead be permanent housing for the very poor. As such, public housing became more unpopular politically, leading to a cycle of government neglect and underfunding which, in turn, led to poor construction design, inadequate maintenance, racial segregation, stigmatization, and further concentration of the very poor.

But liberals sometimes let public housing down, too. In the New Deal coalition, defenders of traditional public housing—mayors, building-trades unions, local civil servants—were often too tolerant of incompetent and paternalistic public housing management that increased tenant dependency and undermined community. Tenant management, as a remedy, entered the debate only in the late 1960s and never became the policy favored by HUD or by most local housing authorities.

At the same time, some of the most vocal advocates for the poor, including housing activists and poverty lawyers, became unwitting allies of conservatives. In a climate of declining resources, many antipoverty activists demanded that public housing give priority to the very poor and also turned mainly to the courts to protect tenant rights—often at the cost of further isolating the poor and undermining any

management authority to bring order to public housing neighborhoods. Thanks to a new set of rights, disruptive residents were not disciplined. Tenants who could leave moved out; law-abiding tenants without other options became demoralized.

By the 1970s, many of these neighborhoods fell between two stools. Neither were they viable, self-governing communities, nor were they any longer governed by an externally imposed set of norms. This identity crisis played into the hands of private developers, who wanted a piece of the government-funded, low-income housing action. By the late 1960s, the housing industry convinced Congress to replace public housing with privately owned, subsidized housing (known by their statute numbers: Sections 236, 221d, and 8) that gave private developers tax breaks, low-cost mortgages, and rent subsidies to house the poor. These inefficient and costly programs led to widespread political abuses and eventually to the HUD scandals of the 1970s, which were repeated in the 1990s.

Tellingly, Jack Kemp has not focused on the troubles of privately owned, subsidized projects, despite the fact that there are more of these developments (1.9 million apartments) than there are public housing projects (1.3 million units). But while Kemp has usually spared private slumlords the antidrug and empowerment rhetoric that he directs at the public projects—a tactic that fits into neoconservatives' government-bashing agenda—the crime, drug, and social problems in these privately owned projects are as bad as, if not worse than, the problems plaguing government-owned projects. The tenants of privately owned, government-subsidized developments deserve the same attention and resources as their public housing companions.

Conservatives like Kemp address the need for self-help but not the need for resources, an approach that appeals to taxpayers who want solutions that cost no money. To reframe the conservative-

dominated housing debate and to make public housing successful both for residents and in the eyes of the public, we must alter some basic assumptions.

First, we must turn developments into livable communities. That means insisting on better screening of applicants and tougher treatment of abusive tenants. It also means giving residents a stronger voice in management and, ultimately, ownership.

Second, social housing should not be for only the very poor. The homeless and the welfare poor deserve decent housing, but not at the expense of the working poor, who can help stabilize housing developments.

Third, public housing needs more money—for repairs, maintenance, and security, as well as social services, child care, and job-training programs that can help residents move into America's mainstream. But that money won't be forthcoming until America decides that public housing is worth saving.

Finally, traditional public housing needs to be one strand of a broader social housing strategy that relies more heavily on a new generation of competent and dedicated community nonprofit developers.

Rights and Resources

Though today they stand as symbols of lawlessness, public housing projects until the 1960s were places of almost excessive law and order. Indeed, project managers nearly ruled with an iron hand, as Harry Spence, the court-appointed receiver of the troubled Boston Housing Authority from 1979 to 1984, described in a *Working Papers* interview ten years ago:

Until the late 1960s, public housing ... worked on a theory of despotism. The project manager was the despot. Long-time tenants will tell you there was a day when if my kid walked across the lawn, the manager came out and said you either stop that or you're out. That's now looked at almost nostalgically. And it depended almost entirely on the caliber of the manager. For much of the com-

munity, that unrestrained power was being used to enforce community norms. But often, it was abused, because there was a class gap between the manager and the tenants. It was a highly personalized and often vicious order.

The managerial despotism Spence recounts was finally overturned on grounds of both civil rights and civil liberties. Until the 1960s, public order in the projects was preserved partly through a system of fines for minor infractions such as littering, loitering, and petty vandalism. Tenants objected that the fines were both a hardship

Kemp stresses the need for self-help but not the need for resources, an approach that appeals to taxpayers who want solutions that cost no money.

for struggling families and—equally important—a source of sometimes arbitrary management.

In the late 1960s, as part of the civil rights movement, tenants protested to eliminate the system of fines and arbitrary evictions. The fight to challenge bad management and for tenant rights was aided by a new and formidable ally—the War on Poverty’s legal services program and foundation-supported public interest law firms. The broader legal strategy was to persuade the courts to confer new rights, such as welfare and housing, upon the poor. In an era of judicial activism epitomized by *Brown v. Board of Education*, the underlying assumption was that an authoritative decision by the Supreme Court would alter patterns of behavior and that its affirmation of rights would make an important difference in the distribution of power and wealth.

It was as if a committee of concerned citizens raised \$10 million of government and foundation money to help the poor

with their housing problems and hired 150 lawyers but only a handful of organizers or other staff—and then was denied money to carry out the court-mandated remedies. This imbalance of resources skewed aid for the poor toward litigation. Early on there were significant victories in both welfare rights and housing. A spate of cases extended fair hearing rights to welfare recipients, debtors, employees, students, automobile drivers, prisoners, and, in 1967, public housing tenants. Subsequently, HUD adopted rules that guaranteed due process in eviction, admission, and other management practices.

But litigation neither redistributed wealth and power nor extended fundamental economic rights. Instead, the combination of the conservatives’ penny-pinching and the liberal activists’ focus on vindicating individual rights made daily life more insufferable for most residents. As housing and tenant activists became politically isolated—and the middle class became increasingly wary of programs to help the poor—no one seemed to care that many public housing agencies became rife with waste, patronage, and indifference. As Harry Spence observed:

In effect, the government responded by saying, ‘If we can’t do it the old way, we’re not going to do it at all. If we can’t keep the unrestrained authority and the unrestrained segregation we had before, we won’t do it at all. The courts have tied our hands. So screw this community. Wallow in your own misery.’

Ask tenants who have lived through these changes what they would do to make the projects more habitable, and they typically urge tougher screening and eviction policies and reinstatement of fines—albeit with procedural safeguards. As one tenant leader put it, “The old way was sometimes arbitrary. But at least it helped parents keep their kids in line and keep out the criminals.” The old rules also embodied a shared authority that has been lost. Tenants sense that removing the rules has boom-

eranged, that it was crucially connected with the loss of adult influence over the projects' teenagers.

The housing and antipoverty activists mistook community-supported restraints (such as applicant screenings) for racist repression because those procedures disproportionately affected blacks. Dan Wuenschel, head of the Cambridge Housing Authority in Massachusetts, put his finger on this dilemma in a speech to legal services attorneys:

Public housing rises or falls on how well its developments function as communities in which parents can raise their children in an environment which is safe, which nurtures and permits growth toward successful adulthood. Elders must feel and be sufficiently secure to travel about their environment, to socialize, to shop without the fear of being mugged, or else they withdraw and wither and die much sooner than they should.

I believe that in your zeal for your individual clients you are blinded to their collective effect on public housing communities. It often seems to us 'public housers' that you view the newest law or regulation, listed by me as a burden, as a new challenge to be manipulated—to be 'worked'—sort of like a new Nintendo game.... You don't see the fourteen-year-old Haitian girl who is beaten up by her drug dealing, neighbor pimp because she got pregnant. Our managers do—every day. If so, why would you appeal that individual's eviction if we got lucky and caught him or her on nonpayment of rent?

Drug-Related Evictions

Tougher eviction and screening requirements, while appealing to most tenants, raise some important concerns. For example, where will those families who have been denied admission to developments go? Will we throw due process out the window? Nowhere are these issues more salient than in the current debate on what

to do about drugs in public housing.

Kemp has made "drug-free" public housing one of the Bush's administration's high-profile domestic priorities. Kemp wants to bar anyone convicted of a drug offense—buying, selling, or using—from public housing. On the other side, many housing advocates, civil libertarians, poverty lawyers, and tenants believe that Kemp's emphasis on eviction to combat drug activity does little to solve the problem. They argue that tough antidrug tactics—such as evicting a person before he or she is convicted of a crime—violate constitutional rights to due process. Social service agencies complain that easy eviction policies merely shuffle problems from one government-run program to the next and create more homeless families and shattered lives. Stepped-up eviction practices, they say, have led to the eviction or harassment of innocent victims. For example:

- While his mother was at work, the adult son of a public housing tenant was arrested in her apartment on charges that he sold drugs to an undercover agent. Even though the son was not convicted and was fighting the charges, the housing authority tried to evict the mother, her daughter, and her three minor grandchildren.
- Another housing authority started eviction proceedings against a young working mother and her three small children. The mother separated from her husband because he became heavily involved with drugs and alcohol. The husband left the apartment and never lived there again, although he occasionally visited the project to see his children. He recently went to jail after pleading guilty to drug charges. Now the housing authority wants to put out the innocent spouse and her family.
- An eviction case was brought against

a tenant who had lived in her apartment for seventeen years. The tenant's adult daughter, who lived with her, was arrested in front of the building. She was charged not with selling drugs but with possessing drug paraphernalia (a hypodermic needle). The mother, who worked full-time, had no idea her daughter had a drug problem. The daughter pleaded guilty, served her sentence, and is now trying to get into a rehabilitation program. The mother wanted to help her daughter stay off drugs. But the housing authority wanted to evict them both.

Lawyers for the National Housing Law Project (NHLP) criticize HUD officials for urging that public housing officials do not need to wait for a criminal conviction to seek to evict a family. According to HUD, a housing authority needs only to prove by a preponderance of the evidence in a civil court that the tenant being evicted engaged in illegal activity. To the NHLP and the ACLU, this looks like an overzealous federal government trampling on individual rights; evictions are civil proceedings that require a much lower burden of proof than criminal cases. "While drugs are a serious problem," says Connie Pascale, a legal aid lawyer in New Jersey, "evicting innocent family members or recovering addicts is not a real solution. Focusing mainly on evictions will only lead to more homeless families and upset, confused, and angry children."

Yet Kemp's drug-free public housing mission has struck a responsive chord, particularly among public housing residents who have seen their neighborhoods ravaged by drugs. Kemp's charge has also inspired some state legislatures to get tough on suspected drug dealers. A new amendment to New Jersey's landlord-tenant law provides that people can be evicted on drug allegations even if they have never been arrested. There need

only be a "preponderance" of evidence that the person is using drugs. Hearings on these bills drew wide support from public housing tenants.

Recently, the Chicago Housing Authority and the Chicago Police Department jointly initiated "Operation Clean Sweep" to wipe out drugs in high-rise buildings. Under the program, the Chicago Police Department dispatches fifty to sixty officers to secure the perimeter and interior areas of a targeted building. There police officers gain control of all entrances to the buildings and all elevators and stairways. Maintenance personnel, protected by security guards, erect a fence around individual buildings and install doors and grates to maintain control. CHA teams enter the building to inspect each apartment and common areas to ensure that only tenants remain in the building. If drugs or other contraband are found, the police are called to make arrests. The building is then "secured" by fencing in the lobby, and residents are issued photo-identification cards. CHA typically institutes a visitation policy, restricting access to residents and guests. After the sweep, CHA repair crews remain at the building, making necessary repairs and readying vacant units for occupancy. CHA personnel also survey the social service needs of residents and then work to provide the needed services and referrals.

So far such sweeps in Chicago, Newark, and elsewhere have dramatically reduced drug activity and other crimes. They have also received praise from a variety of housing activists. The Philadelphia Housing Authority (PHA) stepped up attacks on drug offenders, but Virginia Wilks, president of the Tenants Council for the Richard Allen Homes, says the PHA was not vigilant enough: "If the evictions could be speeded up, then it would be a cure." Terry Clay, a PHA attorney, agrees: "Tenants have rights, but those rights had to be balanced against the rights of other tenants to live in a safe, drug-free environment."

As to the charge that innocent family members may be evicted, Judge Alan K.

Silberstein of Philadelphia Municipal Court reflects widespread opinion. He told the *Philadelphia Inquirer*: "Tenants were responsible for what went on in the home. Many cases dealt with mothers who contended that they had no knowledge their teenage sons were selling drugs. If I'm judge, I say to them: 'If you can't stop him you'll be evicted.' Why should everyone else have to suffer because she can't control her son?"

Harry Spence, the former Boston housing receiver, summed up the case for a tough eviction program: "The issue is not whether some people are removed from the community by the BHA, or alternatively whether everybody gets to stay. The issue rather is: Who moves out, the perpetrator or the victim?"

While tough questions about rights remain unanswered, their burden should not fall on the backs of people who adhere to mainstream values. Society must extend some help to its most troubled citizens so they can function in our communities without endangering themselves or others. But the cost of that help must not be carried by decent public housing tenants, many of whom have already paid in lack of opportunity caused by an accident of geography, race, or class. It ought to be possible to screen prospective tenants and to expedite eviction of drug dealers while still retaining due process that can pass constitutional muster. By the same token, if the children of drug dealers are evicted, society needs to address their needs just as it addresses other neglected or abused children.

Restoring Community Through Self-Government

Well-meaning opposition to arbitrary authority must now be coupled with self-government by tenants—an effort to restore order and a sense of community. If public housing is to work, tenants must gain more control over their communities. That means giving tenants a stronger voice in management and resident selection, and, wherever possible, giving tenants individual or collective ownership of their own housing.

The past decade has witnessed a growing movement toward self-government and management in public housing. The first experiment in tenant self-management took place in St. Louis in the 1960s, in response to a rent strike and tenant protest. The idea expanded slightly in the 1970s but has become a serious topic of discussion since the mid-1980s. In 1984, President Reagan kicked off a three-year pilot program to encourage local housing authorities to sell units to tenants. The program made only 320 sales—a quarter of HUD's goal. The average income of households that purchased units was \$16,673, more than double that of the typical public housing household.

In 1987, at the urging of Kemp (then a congressman), Congress passed a small program to fund Resident Management Corporations to run and eventually own public housing developments. Only about twenty resident management groups existed with any management experience; today there are more than 100 of them. Kemp, who was named HUD Secretary by President Bush in 1989, has made "tenant empowerment" the centerpiece of his agenda. The 1990 federal housing bill incorporated Kemp's vision by expanding federal funding for Resident Management Corporations and opportunities for tenants to purchase their complexes as resident-owned cooperatives. Kemp views resident management as a step toward "empowering" residents through home-ownership.

Kemp frequently travels with two charismatic tenant leaders—Kimi Gray and Bertha Gilkey—who have led efforts to turn around troubled public housing projects in Washington, D.C. (Kenilworth-Parkside) and St. Louis (Cochran Gardens), respectively. Kemp showcases these high-profile success stories to spread the gospel of tenant involvement. So far, however, Kemp has little to show for these efforts because of limited funding, the newness of the effort, and the resistance of most local housing authorities to relinquishing ownership or control.

In most resident-management efforts to date, tenants have only token influence. Local housing managers simply delegate responsibilities to tenant groups or co-opt compliant tenant leaders to deflect protest. Tenants get to sit on committees, perhaps hire management firms and personnel, and in some cases participate in setting some priorities for fund allocation. Only in a handful of cases—such as Boston's Bromley-Heath development—do tenants ac-

Well-meaning opposition to arbitrary authority must now be coupled with self-government by tenants—an effort to restore order and a sense of community.

tually take over the management function. And given budget constraints, resident-managers often simply replace housing authorities as the target of tenant anger while forcing well-intentioned residents to administer austerity.

Kemp's efforts to sell public housing to residents, if successful, could dramatically reduce HUD's responsibility and financial commitment to low-income housing. Without subsidies, public housing tenants—who now pay 30 percent of their incomes for rent—are too poor to afford the monthly costs of home-ownership, even if the homes were sold for one dollar. Payments for the utilities and taxes alone, not to mention repair and maintenance needs, exceed their current rents. In the few success stories that Kemp promotes, HUD poured huge subsidies (for example, over \$130,000 per unit at Kenilworth-Parkside) to make these showcases work. HUD will only provide the buyers with subsidies for five years. After that, we could see a wave of foreclosures. Moreover, there are few safeguards to prevent the new homeowners from eventually selling their homes for a windfall profit, thereby reducing the

housing stock available to the poor. Both initiatives, in effect, are decoys for Kemp's larger "privatization" agenda.

While there are many paths to tenant management and ownership, it works best where tenants take the initiative. The early success stories in tenant empowerment were triggered from the bottom up, by tenant protests. Local housing authorities, for example, conceded management prerogatives to settle rent strikes or other disruptive tactics. But there have also been successes where local housing authorities took the first steps. Thanks in part to Kemp's evangelical fervor, more local housing authority managers have now "seen the light" on tenant participation. They run the spectrum from resident advisory committees to tenant management to resident ownership.

Resident ownership should be the final stage of an organizing process that involves mobilizing tenants around day-to-day issues such as maintenance and crime, developing stable leaders, and winning stepping-stone victories, so that when tenants get to manage or own their projects, they have won something worth owning. Kemp often talks about tenant organizing. But so far, looking for quick results, he has been unwilling to fund that kind of genuine grass-roots empowerment.

Where tenant organizations gain a greater voice in running public housing, the conflict between individual prerogatives and community order is renegotiated. For example, at the Chicago Housing Authority, director Vince Lane encouraged residents to manage their own affairs. Tenants were offered rent rebates if they helped maintain graffiti-free walls. Others were trained to assist the newly formed CHA police force to bring community policing to the projects. Residents were asked to serve on management committees that screened new tenants. In some buildings, new Resident Management Corporations have taken on the responsibility for collecting rent checks. Some view Lane's efforts as heavy-handed, paternalistic, even

despotic; others see him as the CHA's savior after decades of mismanagement.

But what about the erosion of due process rights of those who are excluded? As noted, public housing is the last resort for most poor people. The number of eligible tenants far exceeds the number of apartments available, so most of the poor are "denied" admission. Screening does not exclude more tenants; it simply gives priority to certain tenants on criteria other than first come, first serve. Certainly excessive concern about criminal activity denies admission to some worthy people. But as Jim Sleeper has written:

The Constitution has been suspended in many housing projects for years now by armed gangs who foreclose freedom of speech, freedom of assembly, freedom of association and property rights.... This is, in effect, a civil war, and we will have to choose sides even as we argue about causes and postbellum remedies, which must include massive social spending on education, health care, youth recreation, and more.

Taking the Next Steps

Resident management and ownership are not panaceas for poverty. But where tenants are well-organized and exercise power, both physical and social conditions improve. Self-reliance replaces dependency. Residents stop being victims. What's more, experience suggests that ultimately, tenant-managed or -owned developments save funds because tenants have a greater stake in their homes and are less tolerant of destructive and costly behavior.

Kemp's 1990 initiative, the Homeownership Opportunities for People Everywhere (HOPE) program, is far too limited in scope and implementation. President Bush originally asked for \$1 billion to fund HOPE, but when Congress finally approved the plan, funding had been reduced by 60 percent. Bush agreed to this lower figure because the legislative package that included HOPE also incorporated one of Bush's pet

projects—the space station. However, in the aftermath of the Los Angeles riots, Bush is again requesting \$1 billion in funding, and this time he may get it. He claims that this will allow 36,000 tenants to buy their apartments. But even for those tenants and tenant groups that win the HOPE competition, the grants are too small to be effective and too limited to sustain the kind of multi-year effort that is needed. Nor is there any guarantee that once tenants organize and are ready to buy, the funds for physical rehabilitation or ongoing operation of developments will be available.

The current approach may add a few more high-profile successes that Kemp can showcase, but it could lead to failure and demoralization for most tenants. HOPE will raise hopes but end in hopelessness because it does not provide the resources needed to fulfill its worthy goals. To work, HOPE must incorporate criteria that guarantee its residents a chance for real success:

- Congress must provide adequate funds so that tenants can organize—with the help of experienced organizers—to address day-to-day concerns (crime, for example, or maintenance) as a prelude to ownership.
- Tenants must be given the initial and ongoing training necessary to participate in management effectively, to create resident-run management corporations, and eventually to own their own developments.
- Congress must provide adequate subsidies so that the new owners can meet both the long-term and the day-to-day costs of homeownership. Better yet, working with tenant groups, HUD should repair the complexes before they are sold.
- The developments should be sold only as limited-equity cooperatives, not as single condos, to guarantee that this housing will continue to be avail-

able for low-income residents after the initial owners have left.

- Beyond bricks and mortar, HOPE should include funds to provide social programs—such as job training, child care, drug treatment, and community-based health care—and hire tenants for management and construction jobs.
- HOPE must ultimately become an entitlement program for all public and subsidized housing developments in the country, not a “demonstration project” for a lucky handful of people.

An expanded tenant-ownership program should not be a substitute for an ongoing federal commitment to expand the supply of affordable housing through a variety of approaches. One alternative is private, nonprofit housing sponsored by community organizations, churches, unions, and tenant groups. (See Peter Dreier and J. David Hulchanski, “Affordable Housing: Lessons from Canada,” *TAP*, No. 2, Spring 1990.) With the support of many private foundations, local and state governments, and business groups, these nonprofit developers patch together resources to create low-income housing.

Such groups now have an enviable track record of constructing and rehabilitating housing for the poor. According to a recent survey sponsored by the National Congress for Community Economic Development, about 2,000 Community Development Corporations (CDCs) have produced 87,000 housing units in the past three years. Some housing experts view these CDCs as the next wave of housing reform; last year, Congress recognized this success by enacting the first federal initiative—the Community Housing Partnership program—to target funds for the nonprofit sector.

But these nonprofit groups and their housing projects face many of the same

long-term problems that now confront public housing: securing adequate funding, stable and professional management, and a crime- and drug-free environment. Whether we rely on public housing, nonprofit organizations, or private landlords to house the poor, the same questions and issues remain.

Like every revolution, public housing has had its victims—in some cases the very people it was intended to help. In public housing projects, destroying arbitrary authority without replacing it with democratic authority left residents prey to overlords of the underclass, to criminals, and to drug abusers. In the new climate, where drug use was held to be a victimless crime and purity of procedure took precedence over community safety, residents of projects who had once been shackled by the inequity of law were now trapped by the absence of law.

Salvaging public housing will not, on its own, solve our housing crisis. Less than one in five low-income households receives any kind of federal housing assistance—the lowest level of any industrial nation. Just providing rent subsidies for all of them would cost over \$25 billion a year. But Congress is unlikely to appropriate funds for rent subsidies, housing repair, or new construction by nonprofit community-based groups. As long as public housing remains a quagmire, providing the resources that will give the residents of these developments a greater voice in management and the skills to make their environment more livable will be a major step forward in helping the poor to help themselves. Admittedly, this will not substitute for a macroeconomic program to eradicate poverty. Admittedly, too, it will touch only a small percentage of America’s 33 million poor, leaving the majority to fend for themselves in the private housing market. But if it works, it will help restore the public’s confidence in activist government and in public and community enterprise. ♦

Race, Liberalism, and Affirmative Action (II)

We continue the debate on the future of affirmative action in response to Paul Starr's "Civil Reconstruction: What to Do Without Affirmative Action," TAP, No. 9, Spring 1992.

The Choice

Theda Skocpol

Future analysts of American politics will look back at the early 1990s as a watershed for progressives. Toward the end of the 1988-92 Bush administration, the historians will say, new openings to change the nation's political course appeared. The end of the Cold War coincided with a persistent economic recession, revealing the limits of Reaganomics. After a decade of receptivity to arguments for downgrading government, many Americans cautiously entertained thoughts of constructive public initiatives: promotion of economic growth and international competitiveness; improved education and job training; comprehensive reform of health care; and new support for families struggling to combine work and parenting.

These trends tended to favor progressives, even as conservatives found it more difficult than in 1988 to use symbols of racial divisiveness for electoral gain. The strong showing of former Nazi David Duke in the 1991 gubernatorial election in Louisiana chastened mainstream Republicans just enough to encourage President Bush to sign the Civil Rights Act of 1991.

What will the historians say happened next? I fear they will chronicle the inability of American progressives in the 1990s to overcome mutual recriminations. It is not

hard to imagine how this scenario could unfold, because it is already under way. And there is historical precedent for it.

In the United States, the fragmentation of political power among different levels and branches of government and the weakness of political parties have always made it difficult for progressives to enact inclusive social policies and to assemble and sustain broad political coalitions. Consider the fate of reformers during the 1910s and 1920s who advocated health insurance, unemployment insurance, and protective labor laws limiting hours of work and setting a floor under wages. They were unable to build political coalitions uniting middle- and working-class groups and were drawn into an ever-narrowing politics of regulatory protection dictated by the vagaries of judicial decisions.

Around 1900, progressive reformers hoped that they could get state legislatures to enact, and courts to accept, limits on working hours for all wage-earners. But in 1905 the Supreme Court ruled out such limits for most male workers, while it endorsed them in 1908 for women workers alone. Much energy was expended trying to persuade state legislatures to enact laws that, in practice, subdivided wage-earners, encouraging the male-dominated trade unions to rely on "market wages," while women workers and their middle-class allies increasingly looked toward governmental support.

Then, in 1923, the Supreme Court partially reversed itself and ruled minimum-wage laws for women unconstitutional. This left advocates of protection out on a limb, unable to deliver decent wages to

low-income female workers. The 1923 reversal reinforced arguments by egalitarian feminists that surviving protective regulations served mainly to exclude and subordinate women wage-earners. But the supporters of protection dug in their heels. Their victories from 1908 to 1922 had been so hard-won that they could not bring themselves to switch strategies—even though the surviving laws were demonstrably doing harm as well as good for women, and even though those laws were hardly furthering the original goal of broad social provision for all wage-earners.

During the 1970s, reformers advocating initiatives for the disadvantaged were again enticed into heavy reliance on regulations backed up by temporarily favorable Supreme Court decisions. This happened not only among inheritors of the civil rights struggle, who ended up relying more heavily on affirmative action than many would have preferred, but also among proponents of abortion reform, who cut short state-by-state legislative struggles when the Supreme Court in 1974 suddenly legalized early abortions as a constitutional right.

The story in the civil rights area is not only more pertinent here, but also more poignant, because the aspirations of that movement as it moved North in the 1960s were potentially broad and inclusionary. The early civil rights movement achieved victories over southern segregation by appealing to the ideals and rights of all American citizens. As Margaret Weir shows in her book *Politics and Jobs*, prominent civil rights leaders such as A. Philip Randolph, Bayard Rustin, and Martin Luther King, Jr. realized that antipoverty programs focused primarily on blacks could backfire. Hoping to reorient policy toward full employment and public investments furthering the common economic interests of white as well as black workers, Rustin prepared a "Freedom Budget," which was presented at a 1966 White House conference and subsequently introduced into Congress.

By the late 1960s, however, the backlash against the War on Poverty plus the mounting costs of the Vietnam War made Congress unwilling to boost social spending. Furthermore, the decentralized structure of U.S. political parties and coalitions made it difficult to realize Rustin's longer-term hope that the Freedom Budget would "connect local demands to national economic issues," according to Weir. She writes, "Without nationally organized parties or government resources, there was no mechanism for bending local activities toward the national goals and broader alliances that Rustin envisioned."

Heavy reliance on regulatory and legal struggles to achieve employment equality for blacks did not come until the 1970s, after liberalism was in retreat politically. I do not argue that progressives were "mistaken" to urge presidents, federal agencies, and the courts to put teeth into the promises of the 1964 Civil Rights Act. Appeals to "search out" minority candidates for schooling and work were turned into actual (or more often *de facto*) requirements that minority students be admitted, hired, and promoted. Alternative ways to use governmental authority to promote racial equality were not readily available, and for many years the federal courts, led by the Supreme Court, gave crucial backing to strong affirmative action measures. So why shouldn't civil rights lawyers and other advocates of black opportunity have taken advantage of this opening?

Strong forms of affirmative action worked, bringing educated blacks into formerly all-white institutions. Admissions targets buttressed by generous scholarships have allowed minority students to enroll in colleges and universities where few had been seen before. Black professionals have been recruited (and to a lesser degree promoted) by corporations, law firms, universities, hospitals, and governmental agencies, which surely would not have done as much as quickly had they not feared government sanctions or lawsuits. While conservatives, including conservative



blacks, plausibly point to negative side-effects of these gains, we need to keep in mind that efficacious medicines often have side-effects. If the medicine works for a while, it is worth it. After the moral high tide of the civil rights movement, America needed to accelerate black integration into the national elite. Strong affirmative action speeded such integration. Today many American institutions take it for granted that a substantial minority presence is natural and desirable.

Even as governmental oversight of affirmative action has weakened, many universities and corporations have kept their programs of preferential recruitment in place. The Supreme Court may soon reverse itself altogether on the legality of strong forms of affirmative action in public and private employment. But unless the Court actively encourages a steady flow of "reverse discrimination" suits by frustrated white, male job applicants—and unless an increasingly racist atmosphere in the larger society encourages a multitude of such suits—it is hard to see that most American institutions will abandon active recruitment of educated blacks and other minorities. Not only affirmative action as outreach but also affirmative action as tacit targets will persist.

Yet what will happen in the political arena? As federal agencies and courts led by a right-wing Supreme Court turn against affirmative action, will supporters of civil rights turn desperately to state legislatures and the Congress, pressuring again and again for laws, even constitutional amendments, to rewrite or "correct" adverse court rulings? If so, they will fall into one of the worst political traps.

Determined judges can never really be trumped by legislatures (as the fate of the 1991 Civil Rights Act will probably show once the Supreme Court starts interpreting it). Any legislative measure, especially on such a controversial topic as affirmative action, is bound to contain vague phrases and cross-cutting provisions that can be interpreted (and, over time, reinterpreted) by the courts. Judges can resort to constitutional language to overturn even clear legislative intent. The courts can have the last say—and they can take their time doing it, distorting the priorities of political activists for years, decades, even entire lifetimes.

Sometimes a protracted dance between legislatures and courts makes political sense. Arguably, it will be worth it after the Supreme Court eviscerates *Roe v. Wade* and

throws the regulation of abortion back to the states (I do not believe that the Court will simply rule all abortions illegal). In my view, struggles over abortion rights are a distraction from the more important task of creating cross-class political coalitions to support public policies to aid children and working parents. But since majorities in most states support some version of adult women's "right to choose," advocacy of this right need not, in most places, directly undercut the formation of democratic political majorities also devoted to other progressive policies. Indeed, advocates of abortion rights can turn the antipathy of Americans toward "governmental intrusion" against those hard-line right-to-lifers who would have the government empowered to tell women that they have to carry all pregnancies to term.

With strong forms of affirmative action, it is another story. The idea that places should be, explicitly or implicitly, "set aside" for minority (or female) applicants has never been accepted by a majority of Americans, and certainly not by a majority of less privileged white Americans. And here the onus of governmental intrusion works against progressives. Conservative Republicans would like nothing better than for liberals during the 1990s to become committed to fighting repeated legislative battles to defend affirmative action quotas against court reversals. Such a situation would allow hard-line conservatives to feature themselves as the champions of "meritocratic competition" and "equality of opportunity" in America.

In response, many advocates of racial (and gender) equality would ever-more-loudly argue that competitive individualism is too limited a social framework and declare that equality of opportunity has never existed in practice. Such sophisticated arguments might well carry the day in academia, but in the political arena they would further the fortunes of conservatives. Divisions among liberals would deepen, because many can never accept the abandonment of equal individual oppor-

tunity as an ideal. Worse, progressives would put themselves at a permanent rhetorical disadvantage in majoritarian politics because most Americans remain wedded to longstanding values. As the 1990s proceeded, progressives would find themselves locked into protracted zero-sum struggles over the allocation of a shrinking pool of opportunities in Amer-

Conservatives would like nothing better than for liberals to fight repeated legislative battles during the 1990s to defend affirmative action quotas.

ican society. Meanwhile, conservatives would complete a right-wing sweep of national offices. Or else political stalemate would persist, and more Americans than ever would turn away from participation in national political life.

This is what I am afraid the historians of the future will say. But these scenarios do not have to unfold—provided that progressives can pull back from the defense (at all costs) of previously hard-won regulatory gains that are now judicially threatened. Progressives must look afresh at what they can do to further the basic goal of racial equality in America, given the social and political realities of the 1990s.

Even if affirmative action were not threatened, it would make sense now to shift toward concerted attempts to expand socioeconomic opportunity in American society. Since the late 1960s, opportunities have been opened to blacks from middle-class families and to those who have been able to achieve good educational credentials. While efforts must continue to open doors for better-off blacks, further advances in black employment and education will surely depend on helping impoverished parents, including many

single mothers, to rear their children in safe neighborhoods while supporting themselves through jobs that provide a decent income and access to health and child care.

Quite simply, most of the minority children who will provide the future pool of applicants for middle-class jobs are now being raised in impoverished circumstances. Unless such children and their parents become more secure, healthy, and well-educated than they are now, the most rigorous forms of affirmative action will not pull them into universities and middle-class jobs.

To help less privileged minorities through government programs, the first step is to establish a baseline of broad benefits and services that span classes and races (and that can be supplemented by targeted services for the elderly, children, and other vulnerable people). In an earlier article ("Sustainable Social Policy: Fighting Poverty Without Poverty Programs," *TAP*, Summer 1990) I argued on behalf of universal social policies. Some critics have suggested that "universal" in America always connotes policies focused on the needs of white males who are employed full-time in the private economy. Although many social programs in the past may indeed have excluded blacks and marginalized women, the new universal policies I advocate would especially address the needs of minority families headed by single mothers. I have argued for a Family Security Program that would encompass four policies: assured child support for all single custodial parents; universal health coverage; paid maternity leaves and benefits to help all working parents afford child care; and employment training and assistance in obtaining employment at a living wage.

If such universal programs were in place, minorities would be the biggest winners, though not the only ones. African-American men and women would find it easier to upgrade skills and obtain jobs. Single mothers, whether or not they chose to marry, would find it much easier to combine child care with part-time work. Low-

income Americans, including blacks, could live decently without the hassle and indignity of welfare. They would be more fully included in American society through work and entitlement to the same social benefits as everyone else.

A majority of Americans will never support legislation to create and sustain such a Family Security Program if it is restricted to the poor alone. But given economic realities and family arrangements in the 1990s, there are many potential white and middle-class beneficiaries—and hence just as many potential political supporters—for every part of the Family Security Program I have outlined. Today millions of Americans need secure health coverage, and large numbers of divorced middle-class women need assured child support and job training. Dual-parent working- and middle-class families would benefit from maternity leaves and from tax credits for child care (even if the credits were structured to benefit primarily lower-income families). And as the U.S. economy undergoes fundamental restructuring to adjust to international competition and the end of the Cold War, more American workers at all occupational levels stand to benefit from effective job training and employment assistance.

Advocated by articulate and persistent political leaders, universal, race-neutral social programs have the potential both to promote equality and to revitalize democratic cross-racial political coalitions in the 1990s. These policies will also make the national economy more flexible and efficient. Progressives will be foolish indeed not to see the opening that universal policies present. We should turn away from an emphasis on zero-sum regulatory approaches to racial equality, refusing to tilt at the windmills of a Supreme Court likely to remain in doctrinaire conservative hands for decades. Instead, let those of us who care about racial equality in America work for a progressive majority politics, based on a revitalized public sector that includes everyone in an efficient economy and a full-opportunity society. ♦

Back to Universals

Jim Sleeper

Not long ago I gave a talk in Paris about the fate of racial integration in the United States, as part of a lecture series sponsored by the liberal Catholic weekly *Esprit* and a quasi-socialist think tank, Association Descartes. My French socialist listeners were concerned about North African immigration, ghettoization, and right-wing backlash in their country; they wanted their nominally socialist government to learn from our mistakes.

After reprising obvious and enormous differences between France and the United States—among them the fact that blacks antedate most whites on these shores and have legitimate, special claims on our society—I tried to explain how race-specific remedies such as affirmative action had gone wrong. I told them, essentially, what Paul Starr argues far more lucidly in “Civil Reconstruction” (*TAP*, Number 8, Winter 1992). My remarks prompted two unexpected and incompatible responses that we may find instructive.

A woman rose to praise the United States for trying to incorporate a historically despised race—a heroic effort the likes of which no other country had undertaken, she claimed.

A man professed shock at my willingness to contemplate affirmative action in any form. (I’d sketched with some sympathy the concept of race-neutral affirmative action in higher education, suggesting that whether a college’s goal was campus diversity or social justice, a poor white from a trailer park whose SAT scores fell a bit short of the admission standard might deserve admission before a middle-class black with the same scores.) How, this listener asked, could I contemplate a college’s

admitting people of any color whose scores were lower than its standard? Including the poor white might prevent racial backlash and seem fair, but wouldn’t it just compound another American problem, that of declining standards? How would anyone, black or white, be served by such a decline? Such a policy would be unthinkable in the French university system, he noted.

Most of my listeners were simply mystified by the notion of affirmative action. As another listener said to me afterwards, there has to be some point at which people, of whatever color, present themselves to the university as individuals to be judged, without racial discrimination, on the basis of uncompromising, universal standards. If few blacks are ready to present themselves on such terms, then the problem must be acknowledged to lie in the “readying” process itself (communal and cultural contexts, elementary and secondary schools), not in the standards.

One need not argue that existing standards are perfectly just in order to agree. The present condition of black Americans is such that, even when multiracial committees have screened, scrubbed, and fine-tuned police sergeants’ tests and college-admissions or professorial-hiring criteria to remove racial bias and assure strict relevancy to job performance, blacks’ “pass” rate continues to be disappointingly low. Indeed, this has already proven to be so with radically revised sergeants’ tests in New York City and with the performance of college students admitted under affirmative action plans such as that of the University of California at Berkeley. In both cases, too many of those admitted just are not ready. (The inevitable rebuttal that what they are not ready for is the black cultural self-denial supposedly imposed on them by “white” institutions is a dodge—a racist dodge at that, when mounted by white liberals.)

American society may need fundamental reorganization, including recognition of multicultural interests, to achieve justice. But the only way to facilitate it is to appeal to common bonds and universal standards

that transcend narrower claims based in group deprivations and group rights. The dominant society, after all, must have something going for it since, as the French woman noted, it has legitimized the very idea of redress and equal justice in the first

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place. Redress for the deprived will have to come largely on the terms of the dominant society, with the effect of enhancing, not diminishing, its absorptive powers.

This view sounds radically conservative these days, and I cite my French listeners' comments because they serve to remind us how far American liberals and leftists have drifted from certain basic principles of social justice. Universalism, I realized while in Paris, remains as important to the French as it once was, but apparently no longer is, to American leftists and, indeed, to many American liberals. Nor are the French shy about the fact that their vision of their republic as a secular vessel of social justice is a Eurocentric one. They believe that their revolution of 1789 yielded certain historic human gains, which they would not risk in deference to, say, fundamentalist Muslim beliefs or some other vision of Arab destiny held by those whom France once colonized and who now live in their midst.

Yes, America is different; North Africans in Paris are voluntary immigrants, unlike American blacks. But the debate about affirmative action does, inevitably, come around to this question of universal standards. To be sure, there are sectors of the U.S. economy, such as the construction industry, with many qualified black applicants and much discrimination. Naked racism will be breached only by affirmative action programs that

advance blacks *en bloc*, and I support such programs, upon a showing of discrimination. But affirmative action in too many cases—higher education most egregiously, but in other areas as well—is not a response to clear and present discrimination. It entails, rather, a restructuring of American institutions and politics to accommodate group rights—a restructuring that sandbags the universalism upon which racial justice ultimately depends.

If we could also screen, scrub, and fine-tune white electoral response to affirmative action programs to remove every vestige of racial bias, I believe that a majority of whites—and many people of color—would still oppose the programs for the reasons I have just stated. They would object, not because they are racists, and not even because they are being directly displaced, but because they are affronted. They believe that the efforts they have made are being dismissed and discounted. And even when we have finished documenting all the white laziness, incompetence, and discriminatory networking that vitiate these claims, I believe that their claims still hold true. And we should strive to remain the kind of society where they continue to hold true.

Reparations? In principle, yes. Shelby Steele demurs: "The concept of historic reparation grows out of man's need to impose a degree of justice on the world that simply does not exist. Suffering can be endured and overcome; it cannot be repaid." That may be the hard, cold truth, but I am not sure that, after watching a couple of compelling docudramas, even predominantly white focus groups would always agree with Steele. Were the economy not as distressed and dislocated as it is, there would probably still be room in American politics for some discussion of reparations. But absent a showing of current discrimination, reparations need not take the form of affirmative action—as Paul Starr has shown in his proposal for a nonprofit fund to assist black institutions, in the context of greater public commitment to race-neutral programs.

The state occupying the central place it does in French society, my listeners in Paris probably wouldn't understand Starr's foundation proposal, either. But I think their skepticism about affirmative action is a valuable caution, all the same. It helps me to conclude: Reparations, yes; affirmative action as the primary vehicle for reparations, no. ♦

The Road to Rectification

Robert S. Browne

In the Democrats' twelfth year out of power, it is perhaps not surprising that *realpolitik* increasingly dominates the liberal agenda. With regard to civil rights, the current discussion is grounded in the frank admission that liberal Americans' commitment to just society is at best a fair-weather commitment. However reluctantly, liberals must abandon that commitment when the economic weather turns foul and the national economic pie ceases to grow. The emerging *realpolitik* holds that the Democratic Party cannot hope to regain the White House unless it jettisons its support of such stalwart instruments of the civil rights struggle as affirmative action, minority set-asides, and other legal tools designed to hasten the achievement of a level playing field for historically victimized persons, particularly blacks.

Arriving at this conclusion is probably a sad event for those who recommend it. Many are sincere believers in a just society and readily admit that black Americans suffer from unique, historically imposed handicaps that both require and merit special corrective attention. The dramatic success of affirmative action programs and their growing corporate acceptance vigorously demonstrate that they are effective tools.

Affirmative action has its detractors, of

course. Currently, the most fashionable complaints include: (1) Affirmative action programs inflict serious damage on the self-esteem of their beneficiaries. (This assertion may contain a kernel of truth, but one encounters no massive outpouring of regret among beneficiaries of preferential programs.) (2) Affirmative action programs have not ended poverty (an expectation that could have been entertained by only the most naive of supporters). (3) Affirmative action programs favor the least rather than the most disadvantaged sector of the target group. (Although both true and unavoidable, this outcome was predicted when the programs were instituted. No single policy can redress every variety of disadvantage, which is why Head Start, the Job Corps, and myriad other programs must also be a part of an effective effort to create a level playing field.)

The foregoing are mere nuisance complaints, however. The one objection to affirmative action that actually reduces politicians to apologetic wimps is the growing resistance from economically insecure whites who fear that their education and career opportunities will be reduced in the process of rectifying the effects of past discrimination toward blacks. Leveling the playing field is almost inevitably a zero-sum game in the short run—the disadvantaged must yield something to the disadvantaged to make any progress. But in a growing economy such as we had in the 1960s and early 1970s, white's losses were more relative than absolute and accepted with only a modicum of grumbling.

In today's shrinking economy, correcting historical injustices toward blacks imposes real losses on whites, provoking stiffer resistance. To characterize this phenomenon as "rising racism" is probably inaccurate. "Racism unmasked" might be a more suitable description. Or it may not be racism at all, but merely a rational response to a dynamic set in motion by historical racism. However described, its obvious corrective would appear to be a

return to a high-growth path. Under expansive economic circumstances, affirmative action could continue to contribute to the establishment of equality. But a buoyant economy is an extremely iffy proposition. Thus it makes sense to explore alternatives to affirmative action while simultaneously attempting to create the conditions to enable it to thrive and expand.

The apparent weakening of the public's commitment to achieving a just society has prompted calls for the abandonment of affirmative action in favor of race-neutral programs designed to improve conditions for all disadvantaged persons. Blacks are to be comforted, according to this argument, by the statistical probability that they would benefit disproportionately from a race-neutral approach because of the large percentage of blacks in poverty.

In reality, however, there is abundant evidence that racism still lives, and if we abandon the weapons designed to fight it, the overrepresentation of blacks among the poor can be expected to increase rather than decrease. A non-race-specific approach to the reduction of poverty may be a valid means for bringing about greater equality, but it fails to address the intransigent problem of inequity, which is a far more unsettling indicator of injustice.

The depressed status of black Americans (and of Native Americans) arises from their past victimization by the majority that finds no parallel among the other disadvantaged groups. That history helps to explain why blacks constitute a disproportionately large segment of the underclass. A race-neutral approach to reducing poverty will neither provide the correctives required to compensate for past discrimination nor eliminate its still-thriving manifestations.

With its high potential for increasing the proportion of blacks below the poverty level, a universalistic approach to reducing poverty may further strengthen the impression that blacks are somehow inferior or incapable. Individuals are usually poor either because of bad luck or flaws in their makeup or conduct. The public will reas-

onably conclude that, bad luck being random, the disproportionate numbers of poor blacks must mean that blacks' behavior or character is deficient. Only a perceptive few will recognize that the effects of one type of bad luck, being on the receiving end of racial discrimination, is not random.

Affirmative action is only one tool for assisting blacks to overcome their historical handicaps, and a flawed and inadequate tool at that. A reparation payment is an alternative.

Reparations could redress a number of ills, creating a more level playing field and bringing blacks into the American social contract (implicit in the acceptance of the reparations). Although the concept of reparations for blacks is anathema to many whites, those who have examined the topic dispassionately admit to a sense of historical indebtedness from slavery and post-emancipation racial injustice.

It is not certain, however, that reparation payments would dispel this uneasiness. Highly sensitive persons of any color may well feel that money cannot even partially expunge such crimes as slavery, the Holocaust, or even wrongful imprisonment. Nevertheless, it is an internationally accepted practice long viewed as the appropriate gesture toward victimized peoples and was the basis for legislation in the U.S. as recently as the 1988 Civil Liberties Act to compensate Japanese-Americans for their detention during World War II.

In the century since Emancipation, members of the black community have demanded reparations in one form or another. The most extreme version calls for a partition of the national territory between the descendants of slaves and the rest of the population, an implicit admission that historical injustices have created a permanent breach. Partition would also obviate the fractious issues of cultural pluralism and cultural genocide, which cause serious pain in some parts of the black community.

The increasing popularity of African garments, hairstyles, rituals, and languages

symbolizes the resistance of many blacks to assimilation into the American mode. Yet, after centuries of separation from their homeland, black Americans are culturally no longer Africans, nor can they return en masse to Africa. Separating the black population in America is also impractical.

Since neither repatriation nor a separate homeland in North America is a viable solution, most discussion of reparations involves a cash settlement. Postwar Germany used this method to compensate its victimized Jewish population. There is already a modest literature on the topic of monetary reparations for black Americans—how the size of the payment might be calculated, to whom it should be paid, and other basic considerations.

The idea of capitalizing or endowing a massive foundation or series of black-owned and -controlled foundations, rather than making payments to individuals or to families, has received some attention within the black community. The rationale for an endowment of this sort is that the amelioration of the black condition is best assisted from an ongoing and reliable income stream arising from a pool of capital, rather than through a one-time allocation of small sums to every eligible black family. A second powerful argument in favor of a collective is that the black community itself must assume the major responsibility for reclaiming its most disaffected members.

The civil rights revolution and government economic development and affirmative action programs arrived too late to stem the tide of despair that was already engulfing much of the black community as it wrestled with the effects of the massive migrations precipitated by World War II and the postwar mechanization of Southern agriculture. Impersonal government programs seem incapable of recreating the intangibles that historically enabled blacks to maintain their institutions and cohesion despite the social and economic dislocations of the first half of the twentieth

century. Perhaps only the black community itself can provide the nurturance—only part of which is financial—necessary to reverse the deterioration of the last three decades. A community-administered re-

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parations payment could be the ideal mechanism to get this process underway.

In a sense, two groups in America have never signed the social contract governing this country—Native Americans and blacks. Much of the antisocial behavior exhibited by blacks demonstrates their rejection of the American social contract. In this sense, the blacks who so heavily populate our prisons are political prisoners—persons who have rejected an imposed, alien set of rules.

The decline in the American quality of life is increasingly evident both in official statistics and by simple observation. Both the burgeoning crime rate and crime's increasing randomness and violence generate real fear, as does the spread of panhandling, homelessness, drug use, pornography, and illegitimacy. The specter of rampant social deterioration offers a potent rallying focus for demagogic political posturing. Blacks constitute a sizeable and readily identifiable share of those associated with criminal behavior and are thus a natural target for political manipulations.

The racial and ethnic diversity of American society has long been considered one of our nation's advantages. That perception may now be undergoing a drastic reversal. It is paradoxical that at the very moment when the community of nations concedes the preeminence of U.S. leadership, we find both our domestic tranquility and our national economy tottering under the weight

of longstanding, unresolved problems.

Replacing race-targeted programs with race-neutral ones is one more short-term fix designed to postpone dealing with an intractable longer-term problem. The result may be an ever-expanding accumulation of problems to be dumped onto the next generation, who may be less well equipped than we are to deal with them. Bringing black Americans fully into American society is arguably our nation's longest running unfinished business. A *realpolitik* that further delays its realization is no *politik* at all. ♦

The Moral Dimension

Jonathan Rieder

I want to consider, albeit impressionistically, the role that moral reconstruction might play in liberal remedies. On grounds of both pragmatism and justice, I agree that the central focus of liberal renewal should be structural, economic remedies for the black (and white) poor. But although employment remains the indispensable condition for advancement, a mechanistic structuralism failing to address the matter of responsibility will not solve the problem of poor blacks or gain popular support. If liberals and the left want to regain that support, they will need not only effective economic policies but a compelling moral vision of a responsible society.

Much of the Democrats' race problem has flowed from a perception that the party is wrong on a cluster of problems associated with the black underclass—criminality, family breakdown, joblessness, drugs, and welfare dependency. Rejecting the right's moralizing individualism, liberals and the left have pointed to white racism and institutional structures as sources of inequality and breakdown. Unfortunately, this stance tends to suggest moral evasion and

has enabled the right to divorce talk of character from the social settings that encourage its realization.

Two harsh visions dominated black and white reactions to this spring's events in Los Angeles. To blacks, the Rodney King case became a metaphor for an irredeemably racist America that rigs the competition in housing and job markets, no less than the legal system. This skepticism about white fairness confirms a belief that racially targeted remedies are needed to overcome the enduring legacy of racism. But to many whites, the image of black gang members beating a white trucker—like the pre-riot spectre of Uzi-toting Crips and Bloods—stood for all the ghetto dangers, symbolic and practical, against which the people in sanctuaries like Simi Valley have sought to shield themselves. We should not confuse that longing for distance with unreconstructed racism. Working and middle-class blacks are no less eager to find immunity.

These class-related dangers are a cause as much as a product of racism. They corrode enthusiasm for residential integration. They drain the white sympathy needed to support redistributive policies to minister to the afflictions of the underclasses. Worse still, far more than racist policemen, drive-by shootings, and crack dealers threaten blacks' basic freedom of movement, speech, and assembly and compromise the formal achievements of the black working and middle classes.

Social disintegration in the black community is powerfully tied to the structure of labor markets and job networks, yet one does not get from such economic trends to "Boyz N the Hood" in one mechanistic swoop. Other forces are at work, and whatever their sources, family breakdown and street culture do more than reproduce inequality—they intensify it. Yet many on the left still find it difficult to concede, at least in public, that black internal disorganization plays some role in black life chances.

Indeed, to some on the left, efforts to rethink the progressive agenda are not just wrong, or wrong-headed; they are pander-

ing to mean-spirited whites and, as *The Nation* put it recently, "racist opportunism." This righteous rigidity, long an ingredient in the left's confinement to the margins of American life, involves a collapse of distinctions among vindictive reaction, thoughtful neoconservatism, and self-critical progressivism. And it fails to grasp the complexity of the relationship between pragmatism and principle. To forsake a commitment to equality, to "take back the center" at any cost, is surely abdication. But to hold to a principle that for a generation cedes control of the White House, Supreme Court, and policy process to reactionary forces is a rather masochistic conception of principle indeed. In such circumstances, it is unprincipled not to ask pragmatic questions.

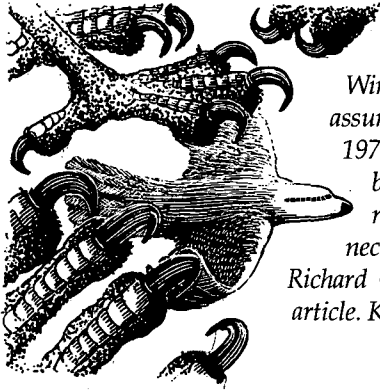
Racial talk is subject to powerful taboos that make it hard to talk straight about issues like crime, welfare dependency, and family breakdown. The squeamishness of many white leftists comes not only from prudent concerns about giving aid and comfort to racists or the wish to avoid judgmental moralism but also from the speech-chilling fear of being accused of racism or victim-bashing. Black intellectuals who have violated the received wisdom have been charged with racial disloyalty. When the critic Stanley Crouch decries the "thugs" who rioted in Los Angeles, he upholds his ideal of the fearless man who tells the unvarnished truth. And he certainly better captures some of the brute realities than those who romanticize looters. (One poster in Crown Heights called the practitioners of anti-Semitic violence "the children of Malcolm X.") But Crouch is also railing against the restraints of a speech regime that says, in effect, certain awkward truths can't be spoken.

It is neither parroting that historically ignorant cry of some white ethnics, "We made it, why can't you?" nor clouding the difference between colonized and immigrant minorities to point out what the mobility strategies of immigrants confirm:

the importance of a milieu dense in institutional networks and moral norms. Malcolm X and Martin Luther King, Jr. both knew that social breakdown threatens the role that poor people must play in their own deliverance. It is demeaning paternalism to treat the poor as objects of impersonal forces and not moral actors in their own right—acting, admittedly, under extremity. It also violates the special brand of African-American fortitude, captured in the resolve to "keep on keeping on" or the faith that "God will make a way out of no way." Holding people responsible—in work, family, school, and neighborhood—is not blaming victims so much as empowering them. The average black worker who struggles to insulate his or her children from the degradations of the streets will not flinch from a progressivism that embraces the language of reciprocal obligation and family duty, as long as it is no substitute for a serious federal commitment.

Powerful street-level currents are at work in this direction, and liberals need to make sure that conservatives do not deform the ideal of responsibility in privatistic, misogynist, and moralistic ways. Tenant patrols of public housing, tough screening policies, and sanctions for rule-breaking cannot replace national jobs and housing policy; they can help create a safe and democratic environment for poor people. Muslim efforts to picket crackhouses rather than Korean grocers contain a tacit recognition that the capital circulating in the ghetto economy could be channeled toward the more productive end of black enterprise. The black nationalist interest in Afrocentric academies reflects the importance of generating cultural alternatives to the nihilism of hustling and insufficient nurturing. And the prophetic ministries of many black churches affirm the primacy of collective responsibility. None of this is a mindless Lockeanism that meanly displaces blame on the poor: It simply marks the earthy wisdom that civic obligation is vital to the health of the good society. In its next go-round, the left would do well to heed it. ♦

The Wreckage of Airline Deregulation



In "Confessions of an Airline Deregulator" (TAP, No. 8, Winter 1992), Mark S. Kahan argued that while many of the assumptions deregulators made about airline competition in the 1970s have been proven false, the industry does not have to choose between oligopoly or government reregulation of fares and routes. A "procompetitive regulatory strategy," he argued, is necessary to increase the prospects of healthy competition. Below, Richard C. Leone and Paul Stephen Dempsey respond to Kahan's article. Kahan gets the last word.

Model Misjudgment

Richard C. Leone

When I was a kid, my hobby was model airplanes. The best of my creations were, at least to me, things of beauty. But young as I was, I never mistook one for the real thing. Would that the economists of the Carter and Reagan administrations shared such clarity about fantasy and reality. The econometric models they used to predict the happy consequences of airline deregulation had the simplicity and clean lines of one of my best "kits." And just about as much similarity to the real thing.

The trouble with airline deregulation, and for that matter model airplanes, is that the damn real world of aviation is so much more complicated than our best models.

To date, the bold and worthy experiment in airline deregulation has been accompanied by far more turmoil than was either anticipated or desirable. Recent airline losses of over \$5 billion amount to more than the total the industry earned in the years

since the first scheduled commercial flight in 1925. More to the point, the "savings to the public" claimed so far have been very expensive for the airlines, investors, banks, airline employees, and perhaps even American taxpayers.

After all, the losses from recent bankruptcies, including unfunded pension liabilities guaranteed by the federal government, will cost somebody, somewhere, something. The narrow analysis of costs and benefits so far has also failed to take into account the infrastructure needs generated by the wild swings in airline fortunes and plans over the last decade. Consider the often ignored costs: airport rebuilding, new access roads, increased policing needs, not to mention the economic impact on communities of increased urban congestion and jet noise.

So while some prices have come down and flying has increased, the overall effects of deregulation are uneven. Passengers complain about delays, crowding, canceled flights, bumping, and inconvenient transfers at hub airports. More ominously, the cost of travel between cities now dominated by a single airline is rising. And does it really take an econometric model to predict what will happen to prices as competition continues to narrow, nationally and

dramatically, between city-pairs served essentially by one airline?

Mark Kahan's article restated accurately the key assumptions underlying the idea of using deregulation to create a competitive, efficient, safe, and cheap aviation system. Many of the mistaken assumptions he says the deregulators made—that travel agencies were obsolete, that centralization was unnatural, and that barriers to entry were low—apparently arose from a remarkable ignorance of the aviation industry. Granted, the deregulators serving President Carter could not have foreseen the collapse of anti-trust enforcement under the Reagan administration (an incredible decision in an industry with a well-documented history of price-fixing), the wrong-headedness of airline management, and the destructive consequences of certain changes in bankruptcy law in 1978. But it is still amazing that they failed to grasp the factors that would lead to centralization in a wide-open market. Indeed, it is astonishing how limited much of the academic analysis is to this day, especially in ignoring the anticompetitive, cut-throat pricing strategies that are being adopted by the surviving airlines.

Practical knowledge of the business, including the reasons for most existing regulation in the first place, was and is available, though perhaps not in a form that was easily translatable as input for data-driven models. Old-timers in aviation understood that the number of airports, slots, and gates would always be significantly constrained; that the earlier pattern of regulation had grown up to ensure that more than one carrier would serve a given market; and that the regulatory concerns for safety reached into almost every aspect of the business. Of course, they also understood that for all the clamor in the 1970s for airline deregulation, the aviation business has had a long and cozy relationship with the federal government. The old, utility-style regulatory regime kept the industry profitable, glamorous, and the best in the world.

None of this makes deregulation a malicious idea, just an incomplete one. The

problem, as much as anything, was in the form this specific deregulation policy took, especially in its failure to build in safeguards to ensure that competition—the true goal of both regulation and deregulation—would be preserved. Its originators failed to understand that the basic structure of the business would reinforce trends toward centralization and oligopoly. The concentration of operations in certain hub airports and the advantages accruing to owners of captive reservation systems were only the most obvious indicators of the now apparent trend toward a single airline dominating a given market.

We cannot simply go back to the good old days. Nor should we have to give up on the concept of increased competition. But we must be realistic; many airlines are gone forever, and investment for new entrants will be hard to come by. What may be possible and could mitigate the damage today is a new "competition policy."

Such a policy would take full account of the special characteristics of this industry: that airports cannot be built just anywhere, safety must be enforced, and a public entity must control in-flight traffic. These are capacity constraints that, when married to the structure of the industry, can favor a few powerful operators. They can, but they don't have to. We can have a strategy designed to save and enhance what competition remains. We can limit or price gates and slots so as to require or encourage more than one airline serving a particular region or city. We can continue the attack on centralized, anticompetitive reservation systems. And we might take a fresh look at foreign ownership and partnerships with American flag carriers.

In the long run, a competition strategy might actually be in the best interests of the surviving airlines and the flying public. Perhaps both groups are ready for more public management of the system they want to be safe, reliable, and competitively priced. After all, the managers of America's

airlines have not exactly covered themselves with glory over the last decade and a half. Maybe they're ready for a fresh dose of public policy. The trick is to find the right mix for an industry that is inevitably a complex stew of public and private activity. ♦

Lost in the Bermuda Triangle

Paul Stephen Dempsey

As all but the blind can see, Mark Kahan finds a great deal wrong with airline deregulation. Yet he pulls short of a comprehensive solution, lamenting, "It would be tragic if the only choice were between oligopoly and reregulation of routes and fares." The patient is flat on his back hemorrhaging unmercifully, and Kahan, with the best of intentions, offers extra-strength Tylenol and a couple of Band-Aids.

In the 1970s, Kahan and I worked under Alfred Kahn, the Civil Aeronautics Board chairman, in his relentless war against regulation. It was free-market economists like Kahn who provided the intellectual justification for airline deregulation.

To concerns that deregulation would result in increased concentration or destructive competition, they argued that the airline industry had relatively few economies of scale and was impeded by few barriers to entry. Large airlines had no advantages over small airlines. Aircraft were uniquely mobile resources that could be deployed to new markets at will.

And in the unlikely event some airlines might exert market power to earn supra-competitive profits, deregulation disciples argued, new entrants would be attracted like sharks to the smell of blood. This was the theory of contestable markets, which posited that hit-and-run entry by airlines would discipline pricing.

Deregulation theory is simple and

seductive: no economies of scale, no barriers to entry, and contestability—the three legs of the theoretical stool. Deregulation reality is profoundly different. For example:

- After more than 150 bankruptcies and 50 mergers, we now fly the oldest and most repainted fleet of aircraft in the developed world. Last year, we lost three major airlines—Eastern, Pan Am, and Midway—and we may soon lose more.
- Of the 176 airlines to which deregulation gave birth, only one remains (America West), and it, too, is in bankruptcy.
- American, United, Delta, and Northwest now control two-thirds of the market (up from 42 percent in 1985)—a rate of concentration unprecedented in American business history.
- Average real fuel-adjusted ticket prices are higher than they would have been had deregulation not taken place. Pricing has also grown monstrously discriminatory. For example, it recently cost less to take a taxi (90 cents a mile) than to fly (\$1 a mile) from St. Louis to Kansas City.

So in fact, deregulation has advanced neither economic nor equity goals. The three legs of the theoretical stool (actually a theoretical commode) have proven false.

Remarkably, deregulation's proponents swear the thing works. Deregulation is a peculiar phenomenon. Its most fervent advocates embrace it not merely as an abstract economic theory but with political, almost theological, devotion. No matter what evidence is adduced of widespread failure, they tenaciously reinterpret it as success.

The U.S. Department of Transportation (DOT) publishes study after study praising the emperor's new clothes. Platoons of free-market economists housed in lavishly financed think tanks produce reams of data proving that deregulation is the best thing to happen to the transportation industry since the invention of the wheel.

Some claim that the only problem with deregulation is that we didn't deregulate enough. Privatize airports, they exhort, and let the foreign airlines in. According to Kahn and Kahan, deregulation would have worked had antitrust laws been enforced. But aside from the fact that antitrust is a clumsy regulatory tool and of limited utility under contemporary law, had the antitrust laws been enforced to prohibit the airline mergers of the 1980s, the economic condition of the airline industry would have gone from bad to catastrophic.

What would have happened had the Civil Aeronautics Board (CAB) not been abolished by the Airline Deregulation Act of 1978 and regulation had been allowed to continue?

First, prices would have fallen faster. Adjusted for inflation, prices were falling steadily every decade preceding deregulation. As technological advances increased productivity, cost savings were passed on to consumers. Although prices fell dramatically between 1977 and 1979, adjusted for fuel costs and inflation they fell at a 30-percent slower rate in the decade after deregulation than in the decade before it.

Second, the three or four biggest airlines would not so overwhelmingly dominate the market. The CAB would not have allowed the largest three airlines to control the three busiest airports. It would not have given the largest airlines the lion's share of scarce landing slots at the four slot-constrained airports. Nor would it have awarded the most promising international routes to the three or four largest airlines.

Third, the industry would not be in its current dire financial straits it is in today. Profits were hardly robust under the CAB's tutelage, but they turned sharply south after deregulation, falling 74 percent in its first decade to a margin of 0.6 percent. Given its record before deregulation—the CAB had not allowed a single bankruptcy—it would likely have used a variety of regulatory mechanisms to restore

profitability. The only solution the DOT has identified as a means of shoring up the financial condition of the disintegrating airlines is foreign ownership. Since most foreign airlines are owned or subsidized by their governments, this effectively means a government bailout, with the novel twist of using the tax dollars of foreign citizens to rectify the mistakes of U.S. government policy, without ever having to admit that it was a mistake.

Fourth, the corporate raiding of the 1980s would not have saddled the industry with enormous debt. The CAB would likely have scrutinized the leveraged buyouts of Continental, Eastern, TWA, and Northwest carefully and concluded that they failed to satisfy the public interest standards of section 408 of the Federal Aviation Act and the fitness requirements of section 401.

Like deregulation, leveraged buyouts (LBOs) are a product of the excesses of the 1980s, both masterminded under the theology of laissez faire, the implicit thesis of which is that unconstrained human greed will produce a better society. Sadly, both converged on the airline industry to strip it of assets and resources.

Congress, meanwhile, has several bills before it to deal with such problems as computer reservations systems, slot-constrained airports, and so on. But like Kahan's proposals, they don't go far enough. If Congress contents itself with these Band Aid fixes, we will see an airline industry more highly concentrated than it now is. Because airline managers are rational wealth maximizers, prices will rise and grow even more obscenely discriminatory.

Neither of the extremes of nationalization nor the contemporary environment of economic anarchy and market Darwinism are desirable. Public policy in this essential infrastructure industry would best be enhanced by preserving the level of competition that now exists and imposing light-handed regulation upon it, while there is still competition to preserve.

The most pressing priority is to create a more profitable, stable economic environment to avoid additional bankruptcies and eventually to encourage new entrants to emerge and survive. New legislation to secure these and related goals might include:

Indirect Subsidies. The \$3 trillion federal debt precludes direct subsidies like those Congress apportioned to bail out Conrail, Amtrak, Lockheed, and other transportation firms it considered important to the national interest. Nonetheless, weaker carriers, new entrants, and carriers that can best enhance the competitive environment ought to be favored as the government distributes valuable public resources in the form of landing slots and international routes. However, these franchises ought not to be allowed to be sold for profit, for they generally end up in the hands of the megacarriers. They are public resources that should be used for the public good. They should be issued on a limited-term basis and awarded to whichever carrier fulfills public needs best at their expiration or upon their surrender.

Nonstop Route Certificates. Hubbing-and-spoking is choking the air transport system, causing flight schedules to regress to the piston and propeller era, and burning fuel unmercifully. New nonstop service overflying hubs might be inaugurated if airlines could be given an exclusive franchise to serve the market for, say, three to five years. A franchise to serve any city-pair not now receiving nonstop service ought to be available to an airline promising to provide at least one round trip a day. If necessary, designated carriers would receive access to congested airport gates and slots, perhaps through use of federal eminent domain power, to condemn the property at fair market value and sell it to the franchisee. Preference would again be given to weak airlines, new entrants, and carriers best able to enhance competition.

Pricing Discrimination, Ceilings, and Floors. As a general rule, the government should stay out of the business of setting fares where sufficient competition exists to

discipline airlines. It could designate some appropriate measure of competition at airports or in city-pair markets, and in those markets that are sufficiently competitive, let airlines price as they will.

But carriers should be prohibited from extracting monopoly or oligopoly rents in markets where they enjoy market power, from driving smaller carriers out with predatory pricing and other predatory behavior, and from using discriminatory pricing practices such as discounts for large corporations.

Airline Agreements. Cooperation between airlines could go far toward alleviating congestion, excess capacity, and fuel consumption problems. The government should, of course, monitor discussions between airlines to protect consumers and other airlines from anticompetitive behavior. But antitrust immunity should be conferred for those arrangements that serve the public interest by better rationalizing the air transport system.

Airline Mergers, Acquisitions, and Antitrust. Anticompetitive mergers and undercapitalized acquisitions should be prohibited. Airlines should also be forced to divest or dehost themselves of computer reservations systems.

Consumer Protection. Consumers must be protected from abusive practices such as "bait and switch" advertising, unrealistic scheduling, deliberate overbooking, non-refundable tickets, and demand-based flight cancellations. Congress should adopt a Code of Fair Competitive Practices and provide penalties for violations. Alternatively, Congress could eliminate federal preemption over such questions, letting the state attorneys general loose.

Airport Regulation. Airports are public resources. Federal preemption of noise and other environmental issues might well promote the needed additional infrastructure development. Higher peak period landing fees could flatten congestion. The government should also have eminent domain power to seize gates or slots at congested airports, for just compensation,

and sell them to airlines best able to enhance competition goals.

Financial Fitness. Congress should pass legislation prohibiting any future LBO of an airline, force existing owners to wean their companies of debt, and prohibit public assets (such as international routes, landing slots and gates) from being sold to enhance the personal wealth of the corporate raiders. Such scrutiny should be exerted against any airline entering bankruptcy or with an excessively aging or inadequately maintained fleet.

Foreign Alliances. Foreign ownership tends to reduce competition in international markets and endangers national security. As Operation Desert Storm revealed, we need a loyal Civil Reserve Aviation Fleet to ferry U.S. soldiers and their supplies to distant battlefields during times of crisis. Stricter limitations should be placed on foreign equity ownership of U.S. airlines. (Kahan is remarkably blind to the national security dimensions of aviation, calling it a "smoke screen." No doubt, the Shah of Iran should have been allowed to buy Pan Am as he proposed in 1974).

U.S. Transportation Commission (or Court). During the past decade, the DOT has shown little enthusiasm for protecting the public interest or performing its statutory obligations. Regulatory power over transportation should be extricated from the executive branch and vested in an independent agency or a U.S. transportation court with appellate jurisdiction over the existing agencies, and hopefully, power to promulgate substantive rules. Officials should be prohibited from taking employment with any industry they regulated after leaving the commission (or court).

The American taxpayer owns the airports, runways, gates, radar and communications facilities that comprise our air transport system. The replacement value of that publicly owned system has conservatively been estimated to be worth \$1 trillion. All the major airlines could be purchased on Wall Street for less than \$15 billion, or about 1.5 percent of the value of the public

investment. Yet under deregulation, that 1.5 percent drives the remaining 98.5 percent. Under deregulation, we have turned over publicly owned bottleneck facilities in an essential infrastructure industry to a handful of airline CEOs sitting around a Monopoly board, playing their own game with the nation's mobility.

Economic disintegration and widespread pricing discrimination—the catalysts for regulation—have reappeared under deregulation. Eventually, Congress will reregulate the airline industry, for deregulation has been a catastrophic failure—a failure for creditors, stockholders, labor, and, yes, consumers. ♦

Mark S. Kahan Responds

Richard Leone aptly observes that the economic models used by government policymakers are frequently inadequate and sometimes radically mistaken. Unlike Paul Dempsey, Leone recognizes that this eternal truism fails to support an argument for economic reregulation of aviation. One historical example may make the point even clearer.

Between 1970 and 1975, the focus of CAB regulation revolved around the famous *Domestic Passenger Fare Investigation* (DPFI). The nation's best economists and industry experts testified and were cross-examined by the nation's best lawyers. One principal finding in the DPFI was that most discount fares were illegal. To reach this result, which was far too unpopular with both industry and public to be anything other than a sincere attempt to find the truth, the CAB reasoned that: a) discount fares reflect price discrimination; b) price discrimination reflects monopoly power except in the presence of economies of scale; c) there are no economies of scale in the airline industry and, therefore; d) discount fares reflect monopoly power and should be outlawed.

In other words, the regulators premised their actions on the same analytic error that the deregulators made a few years later—that economies of scale did not exist in this industry. That mistake, among others, had costly policy consequences. It was not until deregulation allowed airline markets to work without the constraints imposed by this conventional wisdom that the truth emerged, or was at least recognized.

Government decision makers, whether regulating or deregulating, need to be aware of the limitations of the information and analysis available to them. However commonplace that may be, the most useful lesson to learn from the fact that airline deregulators misunderstood the industry. There was a serious debate over how fast to implement deregulation, which was resolved (primarily after Alfred Kahn had left the CAB for the White House) in favor of immediacy. Perhaps a longer transition period to totally open markets would have permitted policymakers an opportunity to fine-tune the approach; on the other hand, our political system rarely keeps the window for reform open indefinitely.

Which brings us to Paul Dempsey's tirade. Some of his lonely observations over the years about airline deregulation have proven accurate. Unfortunately, his argument loses its force through overstatement, distortion, and contradiction. His unwillingness to see anything positive in airline deregulation approaches the ideological rigidity of laissez-faire proponents who are equally convinced that unfettered markets can do no wrong.

Dempsey describes antitrust as a "clumsy regulatory tool and of limited utility" and even claims that more rigorous antitrust enforcement in the 1980s would have led to economic catastrophe. He says that "anticompetitive mergers...should be prohibited." Which is it? (At least we agree that computer reservation systems should be divested. Unfortunately, the DOT is at it again, just recently delaying a three-year-old rulemaking to strengthen current regulations a fourth time.)

A more fundamental contradiction lies in the unsupported assertion that the hub-and-spoke system has led to insufficient nonstop services, even to the point where monopoly franchises (with or without fare regulation?) are needed to remedy the alleged problem. To the contrary, by collecting and coordinating passengers from tens of origin points, the hub-and-spoke system facilitates frequent nonstop service in numerous city-pairs that otherwise would never support such service. Chicago did not enjoy nonstop service in 1977 to the more than 130 nonstop points that exist today. For cities such as Charlotte, Pittsburgh, or Minneapolis, the effect is even more dramatic. Granted, the benefits are distributed unevenly, which is why every community aspires to hub status, despite the somewhat higher fares that frequently result. But there is no evidence whatsoever that the government could do a better job than today's marketplace in deciding the optimum level (and frequency) of nonstop service. Nor is there credible evidence that the traveling public perceives the level of nonstop services to be a serious issue.

If Dempsey overstates the deficiencies of deregulation, he just as confidently overstates the virtues of the old regime. To argue that fares and costs would be lower today but for deregulation, Dempsey relies on trend lines that assume, among other things, that productivity gains from the introduction of wide-body aircraft in the early 1970s would have continued unabated. This specific argument was considered in the recent study *Winds of Change* and found "just too simplistic."

This is not to say that deregulated fares are beyond challenge. As my article argued, fares charged to so-called "non-discretionary," primarily business, travelers were so exorbitantly high and discriminatory as to be ultimately counterproductive. Although Dempsey doesn't mention it, American Airlines' recently implemented permanent fare cuts were designed precisely to deal with this situation. I am content to leave for

the reader the question of whether regulators would have done a better job than the self-corrective power, however imperfect, of the marketplace.

The phrase "light-handed regulation" strikes me as an oxymoron in the context of price regulation. No one, and certainly not Dempsey, has yet figured out how to control prices in a competitive industry without controlling the level and quality of service. Nevertheless, a few of Dempsey's proposed reforms are worth considering. An overt tilt toward new entrants and weaker carriers in matters of access to scarce routes and airport/airway assets may be in the public interest, although the label "indirect subsidy" would be politically unacceptable. It made no competitive sense to hand out every mature, lucrative route to established carriers and to leave the most undeveloped routes to new entrants. That, however, is exactly what DOT did when it gave Continental the Honolulu-Tokyo route and gave America West Honolulu-Nagoya. Having lost tens of millions of dollars developing the route, America West is now in the process of selling it to Northwest, to raise cash to survive a few months longer.

Dempsey's concern about the industry's over-leverage is also reasonable. It is beyond dispute that LBOs in this industry have had a particularly and uniformly bad record. Whether this issue should be tackled on a single-industry basis is another question.

Less persuasive is Dempsey's condemnation of fare discounts for large corporations, without a single mention of frequent flyer programs. The latter poses a virtually insuperable barrier to airline entry and present the more profound challenge for public policy. Although corporate discounts can be criticized, they also may be viewed as benign market self-correction to the outlandish non-discretionary coach fares.

Despite all the rhetoric, Dempsey explicitly criticizes only one of the six steps I proposed to maximize the competitive

structure of domestic aviation. That step involved opening U.S. markets to foreign capital on a substantially unrestricted basis. According to Dempsey, this would leave U.S. carriers at the mercy of subsidized or government-owned foreign carriers and imperil national security to boot.

Dempsey is not the first to lash out at "subsidized" foreign carriers. Pan American, in particular, was wont to ascribe its problems to such sources. In fact, the most profitable foreign carriers are unsubsidized and many are privately owned: British Airways and Cathay Pacific come readily to mind. Air Canada and Canadian Airlines International are not only private but subject to Canadian government tax policies that actually raise their costs above those of U.S. carriers.

The national security issue is equally unavailing. Particularly in time of crisis, there are myriad ways by which the U.S. government would be able to control aircraft movements whenever necessary, irrespective of the nationality of carrier stock ownership. The threat and reality of seizure, accepted by foreign investors as a condition of substantial ownership, is probably unnecessary to ensure cooperation but is always available.

Because Dempsey points out that we were (for a few weeks) colleagues at the CAB, I would like to conclude with a personal observation. Dempsey's consistent attacks on Fred Kahn are baffling and disquieting. I worked with Kahn in his pre-CAB days, when he was the country's preeminent regulator at the N.Y. Public Service Commission, and joined the CAB after Kahn became its chairman. Throughout those years of government service, Kahn brought the highest standards of intellectual integrity to open public decisionmaking. If Dempsey's proposal for a "U.S. Transportation Commission (or Court)" were ever to become a reality, it is unlikely Dempsey or the country would find anyone as qualified as Fred Kahn to head it. ♦

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Is the Strike Dead?

John Hoerr

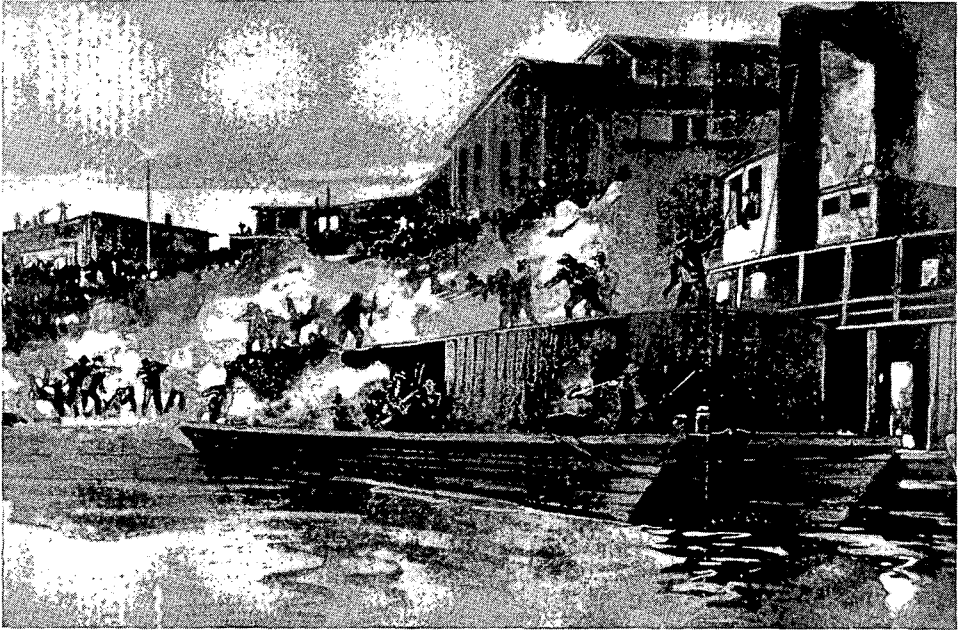
One hundred years ago, on July 6, 1892, two barge loads of heavily armed Pinkerton agents traveled up the Monongahela River from Pittsburgh to seize control of the Homestead Steel Works from striking workers.

That is how textbooks tell the story. In reality, the 3,800 workers had been *locked out* of the plant by Carnegie Steel Co. even before the union's contract had expired. But while Carnegie owned the plant, Homestead itself belonged to the workers, and they had sealed off all roads leading into town to prevent the company from importing "scab" labor.

Thus occurred the famous battle at the Homestead landing between workers amassed on the hillside and Pinkertons cowering in the barges—the violent, even bizarre event that turned this labor dispute into a great "quasi-mythical epic," as Paul Krause terms it in his exceptional new history, *The Battle for Homestead: 1880-1892*.

To many readers, the sensational events of the Homestead dispute—the clash with the Pinkertons and the attempted assassination of Carnegie Chairman William Clay Frick—are so familiar as to make the story seem stale. But they obscure the historical importance of Homestead and its connection to the present. Stripped of all accompanying melodrama, the conflict boiled down to a well-planned effort by Frick and his partner, Andrew Carnegie, to rid themselves of the Amalgamated Association of Iron & Steel Workers and pay the workers less.

The astounding success with which Frick carried off his and Carnegie's plan—aided by politicians, judges, law enforcement authorities, and 8,500 National Guardsmen—had a lasting impact on the steel industry and its Monongahela Valley birthplace, as well as on



"The Repulse of the Pinkerton Barges," contemporary rendering, 1892. From *"The River Ran Red."*

American industrial relations. The workers won the battle with the Pinkertons that day in 1892, at a cost of ten lives (three Pinkertons and seven workers). But in the weeks ahead they lost the war, they lost their union, and most of them lost their jobs to what today are called "permanent replacements."

The events of 1892 have much to say to Americans today. So, no matter how familiar Homestead seems, two books to be published in July 1992 on its centennial anniversary freshen the story significantly. Krause's book contains important new insights about labor-management practices of the time and is by far the most comprehensive of the Homestead histories. Another book, *"The River Ran Red": Homestead 1892*, is a fascinating anthology of contemporary accounts and illustrations of the strike, made all the more readable by the colorful journalistic writing of the 1890s.

Meanwhile, from our own end of the past century comes confirmation of the durability of the permanent replacement strategy in the corporate armory. Barbara Kopple's powerful but editorially flawed documentary film, *American Dream*, a 1991 Academy Award winner, dramatizes the 1985-86 strike at the Geo. H. Hormel & Co. plant in Austin, Minnesota. This battle over wage concessions, although it involved only 1,500 workers, won national attention. Defying the national leaders of the United Food & Commercial Workers, Local P-9 mounted an idealistic campaign to halt a concessionary wave that had swept through the entire meatpacking industry.

Nearly one hundred years separate Homestead and Austin, but one condition is the same: Both at the dawn of corporate America and in the age of the global corporation, America's legal and economic rules undercut the ability of

workers to use their strongest weapon—strike power. If a worker strikes, the boss can give his or her job to someone else, permanently. This is a remarkable outcome of a century of supposed progress in developing a balanced industrial relations system that recognizes organized labor's right to exist. More than fifty years ago, the nation finally adopted legislation protecting union activity. Nonetheless, workers who try to improve their situation today by striking risk losing their jobs almost as much as workers did in the 1890s.

The right to strike is by no means meaningless in America, but it is heading in that direction.

The New Balance of Power

Perhaps the nation does not care that the use of permanent replacements gives corporations a leg up in most power struggles with labor. There seems to be a growing belief not only that unions are obsolete and unneeded but also that the right to withhold labor is a foolish concept. The only good strike these days seems to be the strike of yore. Consider the 1992 Walt Disney musical *Newsies*, supposedly based on an actual strike of newspaper boys in the 1890s. Receiving lousy reviews, it was in and out of movie theaters quicker than you could shout, "Read all about it!" But nobody could accuse Disney Studios of stirring up worker militancy in the 1990s with a song-and-dance routine about knickered boys beating up on their employer in the 1890s. Disney is unlikely to produce a musical about the Hormel strike.

Anybody who did not doze through the 1980s is well aware that the striker replacement strategy has been embraced by more and more companies—among them, Phelps-Dodge, Greyhound, Continental Airlines, Eastern Airlines, TWA, the *Chicago Tribune*, the *New York Daily News*, Hormel, International Paper, Pittston Coal, and currently Kroger Stores in Michigan and Ravenswood Aluminum in West Virginia.

Merely using strikebreakers, however, does not ensure that the union will cave in. The strategy failed at the *Daily News*, Pittston, and Eastern and seems to be collapsing at Ravenswood, but only because of unusual circumstances in each case: the ability of union drivers to intimidate newsstand dealers in the *News* strike; high-powered mediation instigated by the federal government in the Pittston strike; and the court-ordered liquidation of Eastern.

Caterpillar Inc. elevated the concept to a new level of intended misery this spring when it embarked on a plan to replace 12,600 striking workers. The number would have surpassed even President Reagan's firing of 11,400 air traffic controllers in 1981. When the company advertised for new employees, the huge response persuaded the United Auto Workers (UAW) to end their five-month strike and return to work under the company's last offer. It remains to be seen whether the UAW can reduce the scale of this defeat by bargaining better terms in continuing negotiations.

In any case, the threatened use of strikebreakers by Caterpillar shows how seductive this strategy can be for executives with a weakness for hard, clean—albeit wasteful and counterproductive—solutions to labor problems. Now Caterpillar is paying the price. With the cooperation of the UAW, the company

had cut costs through an employee involvement program. The union has now withdrawn from the program. Caterpillar also had begun to convert rigid production lines to self-managing teams, a system that depends on worker initiative. Having threatened to get rid of these workers, how can Caterpillar regain their commitment? Force them to be autonomous?

The premier example of how to waste resources while teaching strikers a lesson they'll never forget comes out of the 1981 busting of the Professional Air Traffic Controllers Organization (PATCO). PATCO had conducted an illegal strike, and its members had to be disciplined. But the punishment grossly outweighed the crime: Barring the workers from ever returning to their jobs and replacing them with more than 10,000 hastily trained replacements cost millions of dollars, threw air travel into turmoil, and caused accidents and some deaths. In the end, guess what? After the new controllers had spent a few years on the job, light bulbs clicked on in airport towers across the country. Their predecessors had been right: Controllers need a union to protect them from the bureaucratic bosses of the Federal Aviation Administration. In 1987, they voted to be represented by the National Air Traffic Controllers Association.

The critical point is that all this strikebreaking and loss of jobs must affect the willingness to strike for better conditions—and thus the balance of power between management and labor. Unfortunately, hard evidence of this does not exist. We do know, however, that today strike activity in the United States is at its lowest ebb since World War II.

Last year, only forty “major” work stoppages—those involving 1,000 or more workers—took place. The Bureau of Labor Statistics (BLS) also counts lockouts as stoppages, but strikes account for the bulk of the total. The 1991 number, along with the forty major strikes in 1988, was the lowest recorded since the BLS began tracking stoppages in 1947. 1991 also was the tenth year in a row that major strikes numbered less than 100. From the 1940s through the 1970s, large walkouts usually totaled more than 200 annually and sometimes exceeded 400. The average length of strikes is declining too. In the 1980s, only .05 percent of working time was lost to major strikes, compared with .13 percent in the 1970s.

There have been smaller strikes, of course. But the BLS stopped gathering data on walkouts involving fewer than 1,000 workers in 1982 because of Reagan administration funding cutbacks. Before that, smaller strikes often numbered more than 5,000 annually. The Federal Mediation and Conciliation Service (FMCS), which gets involved in strikes of all sizes, reports an average of 2,705 strikes per year from 1976 to 1981 but only an average of 812 from 1986 to 1991.

Clearly, Americans are striking less often, a trend that is difficult to reconcile with the long-term slide in real income. A surge of inflation in the late 1960s produced relatively high strike rates from 1967 through 1971. But inflationary episodes in the late 1970s and early 1980s have not had that effect.

Did Reagan start the strike-less trend when he emptied the control towers? No. Strike activity began falling in the mid-1970s for reasons that have never been fully understood. In the past, strike frequency tended to rise and fall with

business cycles: as unemployment dropped in recoveries, striking tended to increase. This did not happen, however, after the deep recession of 1981-82, with the exception of upward blips in 1986 and 1989.

There are several partial explanations for diminishing strike activity: The loss of union power in manufacturing and trucking, the long-term shift of employment from heavy industry to nonunionized service industries, and the drop in the number of union members covered by collective contracts. In the 1970s, wildcat strikes regularly surged across the Appalachian coalfields, idling thousands of miners for weeks at a time. Only one such episode occurred in the 1980s. The cost of striking to workers also began to rise in the 1960s. In the 1940s and 1950s, hitting the bricks usually meant the loss of only a few dollars per hour in pay, with the expectation of a large payoff in wage gains.

But union success at the bargaining table in the 1960s and 1970s probably undercut the potency of the strike weapon. By forcing employers to pay all or part of the cost of health care insurance and other benefits, the unions unwittingly pushed their members closer into the corporate embrace. Going on strike now demands greater economic sacrifice for gains only equal to, if not less than, gains made in previous decades. Today most companies cut off medical insurance coverage for strikers, and few unions can afford to pick it up.

Indeed, corporate attempts to transfer the cost of health insurance to employees and society is one of the few issues over which workers have been willing to strike over, accounting for nearly four of five walkouts in the 1980s. (Unions have plenty of faults, but they also benefit the economy in many ways, such as equalizing wages and negotiating pensions and other welfare plans. The employer strategy of using flawed labor laws to beat down unions tends to shift the costs of caring for the elderly and indigent onto the taxpayers.)

Finally, we should not omit the possibility that today's labor and management negotiators are more technically competent than their predecessors. The rules of the game, formulated in the first decade or so after 1945, are better understood than in the days when activist labor secretaries such as Arthur Goldberg and Willard Wirtz dashed around the country putting out fires. (Can one imagine the current secretary, Lynn Martin, intervening in a bargaining mess?) The FMCS, once a major source of news, is rarely heard from. But the agency still handles thousands of cases each year with quiet, skilled dispatch.

The Great Fear

What may be one of the most important and least-understood reasons for declining strikes is the fear of losing one's job to a strikebreaker. No one has quantified that fear, but it must exist to some degree because many workers, in fact, have lost jobs by exercising the right to strike. Perhaps we could guess at the amount of fear out there if we knew, at least, how often companies have hired permanent strike replacements. But there is little data on this phenomenon; no federal agency collects such information.

Some evidence exists. But first, one must distinguish between "permanent replacements" and "temporary replacements," which I'll refer to here as PRs and TRs, respectively. ("Scab," of course, is a time-honored term,

but “permanent scab” evokes dermatological problems that I would rather avoid, and “temporary scab” seems like something you can dispose of with the flick of a fingernail.) The Bureau of National Affairs (BNA) has for years compiled strike statistics from stories appearing in newspapers and magazines. Beginning in 1990, the BNA has recorded the use of TRs and PRs, as covered by these sources, and has produced some interesting but hardly exhaustive data. The BNA found 839 strikes and lockouts in 1990 and 706 in 1991, but the sources contained information on whether employers hired replacements in only 407 cases in 1990 (seventy-two did so) and 322 in 1991 (forty-seven did so). The BNA estimated that 11,500 union workers, including 9,000 Greyhound workers, lost jobs to PRs in 1990, and 2,000 lost jobs to PRs in 1991.

The most comprehensive study of replacement hiring was undertaken in 1991 by the General Accounting Office (GAO) for a congressional committee. Using samples of work stoppages recorded by the FMCS in 1985 and 1989, the GAO contacted employer and union representatives involved. In about one-third of the strikes in both years, the GAO found, employers announced they would hire PRs and in fact did hire them in about 17 percent of strikes each year. The GAO also reported that the number of strikes in the United States declined about 53 percent in the 1980s. But the agency had no basis for connecting this decrease to threats by employers to use PRs. Nor could it say whether the use of PRs increased during the 1980s. It estimated that 45 percent of the employers and 77 percent of the union representatives *believed* that PRs were hired less often between 1975 and 1980 than between 1985 and 1990.

It can be said with certainty, however, that hiring replacements was a major strategy for employers before passage of the National Labor Relations Act (NLRA) in 1935. In one of the few studies of historical strikebreaking, Craig A. Olson of the University of Wisconsin-Madison reports that in the 1880s, TRs and PRs were involved in 42 percent of all labor disputes in heavily industrialized New York State and in 62 percent of strikes involving 1,000 or more workers. Replacement hiring in New York slowed from 1902 to 1911, dropping to 22 percent. In the next period examined by Olson, 1926-31, corporations had tamed organized labor and replaced workers in only 10 percent of the strikes.

The NLRA, or Wagner Act, addressed the “imbalance of power” between workers and corporations by giving workers the right to form unions, bargain, and strike. Along with the 1932 Norris-Laguardia Act, which banned companies from using strikebreaking injunctions for many purposes, the Wagner Act changed the legal status of replacements and strikers. It did not explicitly grant employers the right to hire replacements but did not disallow the practice.

The framers of the Wagner Act, however, apparently never considered how the use of PRs would affect the cornerstone of the law, the right to strike. When the U.S. Supreme Court first ruled on the issue, it did so as a dictum in the 1938 case, *NLRB v. Mackay Radio & Telegraph Co.* According to the Court, Mackay unfairly discriminated against striking employees by not reinstating them after the strike. An employer could not simply sever an employee’s right to a job the moment a strike began; strikers maintain their status as employees and remain

protected by the law. But the Court also went on to say, in what has become one of its more questionable "asides," that an employer is not obligated to fire replacements to make room for returning strikers at the end of an "economic strike." In later decisions, the Court affirmed that the employer must recall strikers if additional jobs open up. And if workers strike over an unfair labor practice committed by the company, they cannot be permanently replaced.

Afterthought or not, the *Mackay* dictum is considered the law of the land. One may argue that the ruling is not consistent with the NLRA guarantee of the right to strike. But there it stands. The employer has the right to "protect and continue his business," the Court said, implying that a company would lose this right if it could not hire PRs. But that's not necessarily true, according to a survey of employers by Cynthia L. Gramm, a professor at the University of Alabama-Huntsville. She found that a majority of employers that continue operations during a strike use methods other than hiring PRs. They put supervisory personnel on the production line, relocate work to nonstruck plants, and hire TRs who will give way to returning strikers.

Why, then, do employers hire or threaten to hire PRs? Either to bust unions or to wipe all thoughts of striking out of the minds of employees. The tactic works. The mere threat not only scares workers, but it also frightens union leaders. By conducting a long strike against a company that operates with PRs, a union can easily lose an entire bargaining unit through a decertification election. Under current law, workers who remain on strike for a year are not eligible to vote in such an election, and those who have replaced them on the job typically vote to decertify. This is how Phelps-Dodge got rid of the United Steelworkers in the early 1980s.

Striking could become even less viable if the Supreme Court changes its mind about a key issue involved in the 1990 decision, *NLRB v. Curtin Matheson Scientific Inc.* In this case, twenty-seven union members went on strike over economic issues. Later, five workers crossed the picket line, and the company hired twenty-nine PRs. The number of people working then outnumbered the pickets, thirty-four to twenty-two. When the union offered to bargain, the employer refused on grounds that the union no longer represented a majority of the bargaining unit. The Court ruled that the company could not presume that replacements and crossover workers no longer supported the union.

As Craig Olson notes, had the decision gone the other way, employers could eliminate a union merely by hiring enough replacements. In effect, the legal framework would revert to the pre-Wagner Act days. A company could force a strike, hire a bunch of PRs, and the next day remove the union altogether. Who would strike in a situation like that? The *Matheson* decision, by the way, came on a five-to-four vote, before Justice William Brennan retired.

Replacements and the Vanishing Right to Strike

How often have employers used permanent replacements since World War II? No one knows. The rare occasions on which the tactic may have been used

before Reagan showed us how to do it in 1981 did not command attention. I have been a labor reporter since the early 1960s and have no memory of workers or unions raising an outcry about losing their jobs to PRs until the air traffic controller's strike in 1981. My memory is proof of nothing, of course. When TRs were used, no self-respecting union would return to work without winning jobs back for all strikers, with the possible exception of those involved in picket line violence.

This essay is not intended to be an ode to striking; America does not need more social conflict. But employees need a weapon to penalize employers who treat them poorly, and the viability of the strike is in jeopardy.

Indeed, other countries are questioning America's commitment to this basic worker right. Legal experts at the International Labor Organization did so in 1991 in ruling on a complaint filed by the AFL-CIO. Although the United States has ratified only a few ILO conventions on workplace standards, as a member-country it is obligated to uphold two principles that are written into the ILO constitution. These are freedom of association and the right to organize and bargain collectively; the right to strike is considered crucial to these two principles. The AFL-CIO's complaint charged that the United States is violating these principles by allowing the use of permanent replacements. The Bush administration and an employer group disputed the charge.

The ILO's Committee on Freedom of Association reviewed evidence submitted by both sides and issued a ruling in 1991. Even in the mushy language typically used by ILO bodies to avoid angering member-countries, the committee's decision clearly supported the AFL-CIO complaint. The right to strike "is not really guaranteed when a worker who exercises it legally runs the risk of seeing his or her job taken up permanently by another worker, just as legally," the committee said. It recommended that the United States consider whether the striker replacement policy is eroding the right to strike.

Member-countries can ignore ILO findings without penalty, but the ensuing publicity can be embarrassing. The United States, which regards itself as the world's great defender of human rights, has been exposed as less than a great champion of worker rights. The only other major industrial nation that allows the use of permanent replacements is South Africa. It is not unimaginable that America will be lambasted on the PR issue in the same way that China is denounced for using political prisoners as slave labor. We may even wake up one morning to find the European Community has voted to exclude the United States from the Common Market until it institutes the unfettered right to strike.

Last year, the House of Representatives passed the Workplace Fairness Bill, which would ban the use of PRs, though hiring temporaries to work during a strike would still be lawful. The Senate failed to cut off a filibuster, killing the legislation for this year. In any case, President Bush has threatened to veto such a bill.

Employer groups have raised the roof in their rhetorical attacks on the bill. Predictably, they emphasize the "strike-happy" image of unionism created by union-busting consultants to spread fright through a work force when union organizers come to town. "Take the risk out of strikes and there will be more

strikes," John S. Irving, special counsel to the U.S. Chamber of Commerce and former general counsel of the NLRB, warned in congressional testimony. "Any prohibition against the hiring of permanent replacements," he continued in testimony before a House subcommittee, also will "force employer capitulation to union bargaining demands and cause business failures, loss of jobs, higher costs to consumers, and ultimately the triumph of foreign competition."

If you accept the central argument of this essay, taking the fear out of striking probably would result in more strikes. But the explosion of anarchical behavior foreseen by some employer spokespersons almost surely would be a dud. As for foreign competition, American workers understand very well that we are in a tough fight against formidable opponents. It is workers who so far have borne the brunt of job loss to competitors. As William E. Spriggs, an economist with the Economic Policy Institute, has testified, the strike replacement strategy is probably doing more damage to U.S. competitiveness than any likely increase in strikes if PRs are banned.

The ability to use PRs encourages companies to lower labor costs by lowering wages. What companies should be doing is improving productivity by reorganizing work, giving workers more voice in decision making, and stepping up training programs. Yet in 1991, the Commission on Skills of the American Work Force reported that only one in twenty American companies is trying to compete by improving quality and productivity.

Separate studies by Craig Olson, Cynthia Gramm, and the GAO also indicate that strikes involving PRs last longer. This most likely means that using PRs reduces an employer's incentive to settle a strike and therefore erodes collective bargaining itself. If a company's aim is to decertify the union, only sham bargaining will take place. Although banning PRs would mean more strikes, they probably would be shorter than those of the 1980s.

In some quarters, there is a romantic notion that long ago there existed a golden period of comradeship when Americans refused to take one another's jobs. But Craig Olson's evidence about strikes in the 1880s indicates that scabbing has been a way of life in the United States for a very long time. Employers have always been able to recruit PRs from what Karl Marx called the reserve army of the unemployed. Since the practice has been around so long, should we expect workers to sit back and accept the fact that scabs can take their jobs?

Andrew Carnegie answered that question better than anyone. "It is a test to which workingmen should not be subjected," he wrote in a letter to his friend, William Gladstone, in September 1892, after William Clay Frick had reopened Homestead with scab labor. "It is expecting too much," Carnegie added, "to expect poor men to stand by and see their work taken by others.—*Their daily bread*" (italics in original). This was not a new sentiment for Carnegie. In an 1886 essay, he suggested that employers should refrain from hiring strikebreakers. "Calling upon strange men should be the last resort."

For Carnegie himself, however, this last resort was the only resort when it

came to making money. His social idealism found an outlet in writing books and building libraries, not in the practice of labor relations. Carnegie was "truly troubled by social conditions," writes Paul Krause in *The Battle for Homestead*, "...even as he worked to destroy the hopes of those he employed."

In the early 1880s, Carnegie and Frick, the "Coke King," entered into a partnership that merged Frick's enormous coal and coke-making interests with Carnegie's iron and steel furnaces and rolling mills in the Monongahela Valley. In 1892, they consolidated various properties into Carnegie Steel Co., of which Frick became chief operating officer while Carnegie retained control with 51 percent of the stock.

Carnegie and Frick had purchased the Homestead Steel Works from the original owner in 1883 and developed it into the premier steelmaking plant of its time. There remained one problem from their perspective: Homestead's most skilled workers belonged to the Amalgamated Association of Iron & Steel Workers (AAISW), the strongest national union of the era. Out of long tradition, these skilled artisans had a strong voice in operational matters such as hiring and firing and the allotment of work. Carnegie and Frick decided they must oust the union to run the plant as they saw fit.

Although vacationing in Scotland throughout the Homestead conflict, Carnegie knew of and approved Frick's plan to operate the plant nonunion. With the AAISW's contract due to expire on June 30, 1892, Frick demanded severe wage cuts that he knew the union would find unacceptable. Union negotiators proposed a less punishing reduction in tonnage rates but also offered to continue bargaining.

Frick, however, slammed the door in their face. He built a high fence around the steelworks, posted notices throughout town on June 25 that the company would no longer deal with the union, and closed the plant on June 29. On July 6, Frick ordered the 300 Pinkerton agents to go up the Monongahela from their staging area and take possession of "Fort Frick," as workers had named the fenced-in plant. After the workers defeated and captured the Pinkertons, Pennsylvania's governor on July 10 dispatched 8,500 National Guardsmen to occupy Homestead, enabling Frick to resume steelmaking operations with imported strikebreakers. Though it declared a strike that lasted officially until mid-November, the union was done for.

Krause, who teaches history at the University of British Columbia, does not merely retell the Homestead story; he reexamines the evidence and corrects the record on several key issues. Many secondary accounts of the conflict have accepted Frick's public pronouncements that only 325 of the highest paid men would be affected by the wage cuts. To protect the earnings of a selfish few, Frick suggested, the union was willing to risk the jobs of more than 3,000 other workers. Looking closely at congressional testimony and other documents related to the negotiations, Krause rediscovered what a handful of journalists reported at the time. Frick's proposal to the union contained a provision giving Carnegie Steel the freedom to revise all wage scales in the future. This explained the

"determined solidarity" not just of the 700 AAISW members but of the entire work force of 3,800.

Similarly, Krause attacks the widely accepted notion that Homestead's 800 to 1,000 immigrant workers from East European countries played no role in the strike. Although the AAISW, to its eternal discredit, generally refused to admit unskilled, immigrant, or black workers, its Homestead lodges worked closely with the Knights of Labor, which represented many immigrants and unskilled laborers. "The fact is that by June 1892," Krause concludes, "the East European steelworkers of Homestead were well organized, well governed, and utterly loyal partners of their Anglo-American colleagues."

Krause also reveals for the first time how a close alliance of businessmen and politicians in Pittsburgh greased the wheels of Carnegie Steel's union-busting and land-grabbing tactics. At the center of the group was Christopher Magee, the county Republican chairman, a friend of Carnegie and business partner of Frick. It was under his influence that the county sheriff prevailed upon the governor to dispatch the militia to Homestead.

Furthermore, asserts Krause, Carnegie, Magee, and others "conspired to defraud the city of Pittsburgh" in acquiring a prime piece of land for expanding the Homestead Works to produce battleship armor for the Navy. USX Corp., normally uncooperative with historians, gave Krause access to its archives; there, Krause says, he found "incontrovertible proof" of the scheme in old records of Carnegie Steel Co. And so the success of Carnegie Steel was built, in part, on a fraud. The real estate deal, along with the lucrative Navy contract, Krause concludes, "implied a vast network of influence and power that extended well beyond the Monongahela Valley, reverberating through state, national and ultimately global channels."

Krause liberates the real forces that led to the Homestead conflict—the ethos of ambition, rapid technological change, and labor's doomed hope of creating a "workers' republic" in which all would share more or less equally in the creation of wealth—from imprisonment by the sensational events. But Krause exaggerates when he says that the smashing of the union at Homestead "killed unionism in the steel industry for forty years." It is true that Frick's bold rapacity encouraged other steelmakers, and companies in other industries, to bust their unions in the 1890s. His iron-fisted, anti-union management style was adopted by the managers of U.S. Steel Corp., formed in 1901 in the merger of Carnegie Steel with several other steel firms. But the AAISW still had enough strength to mount an ill-timed national strike at USS that same year; defeated then, it was eliminated from the last few USS plants in 1909.

U.S. Steel's victory over the union, stemming initially from the Homestead battle, had immense significance for organized labor in the United States. Selig Perlman and Philip Taft put it this way in their 1935 book, *History of Labor in the United States, 1896-1932*: "If unionism in America has never been taken as a matter of course in the big industries, in contrast with England and the industrial nations of the Continent, not the least of the causes was the antiunion attitude set by [USS]."

The union rout at Homestead also had immense significance for the Monon-

gahela Valley, where a dozen major steelworks eventually lined the riverbanks for forty miles. With the AAISW out of the way, Frick and Carnegie slashed wages, eliminated 500 jobs, and replaced the eight-hour shift with a twelve-hour workday. Adopted by USS and other steelmakers, the twelve-hour day remained the norm in the steel industry until 1923. Not content with these measures, Carnegie Steel in the mid-1890s set up an espionage system to monitor the work and leisure habits of its employees.

In 1899, a journalist named Charles Spahr visited the Homestead Works. He wrote: "If all that I saw while with the managers of the Carnegie works might be described under the title of 'Triumphant Democracy' [the title of a book by Carnegie], nearly all that I saw while with the men might be described under the title of 'Feudalism Restored.'"

Spahr's description is one of the delights of "*The River Ran Red*," a collection of old and new accounts of the Homestead affair. As the editor, David P. Demarest, Jr., points out, "Nineteenth-century journalists wrote with a detailed narrative vigor that is seldom matched in today's daily press." Some of the headlines match the best found in modern tabloids. The day after the Pinkerton battle, the *New York World* declared: "While Blood Flowed Frick Smoked."

The anthology also contains excerpts from a classic study of mill-town labor, *The Steel Workers*, written by a young scholar-writer named John Fitch, who spent several months in Homestead in 1907-08. Even then, fifteen years after Frick's victory, workers dared not assemble in town or talk openly about labor or politics. "They look dull-eyed on a world from which the brightness is gone," Fitch wrote. Company domination of the towns and political repression lasted for decades. "The defeat of the union in 1892 had not only forced steel workers to toil the next forty-five years without union protection on the job, it had also sharply curtailed townspeople's civil liberties and their influence upon government," writes labor historian David Montgomery in "*The River Ran Red*."

Democracy was not revived in the Monongahela mill towns until the predecessor of the United Steelworkers of America began organizing workers in 1936. Meanwhile, the Frick-Carnegie authoritarian style of management continued well into the 1980s as the mills aged and fell into disuse. I would argue that all those decades of repression and single-industry dominance hung as thickly over the valley as pollution from the mills, blocking the penetration of new ideas and preventing new entrepreneurial growth. When global market forces began wreaking havoc in the U.S. steel industry in the 1980s, the valley mills could not compete. Today only two of the original twelve plants still produce steel, and the mill towns are moribund.

Hormel's 1986 victory over the United Food & Commercial Workers' (UFCW) Local P-9 may not set off the historic shock waves that Homestead did in 1892. Still, its story, as chronicled in the documentary, *American Dream*, is gripping in its own right. Local P-9 President Jim Guyette, who objected to the international union's defensive acceptance of wage concessions in the meatpacking industry, brought in Ray Rogers, head of Corporate Campaign Inc., to develop an offensive strategy.

Rogers stirred up great enthusiasm and helped build rank-and-file activism.

The way Barbara Kopple interprets what happened, economic forces—combined with the seemingly ever-present National Guard—simply overpowered the P-9 strikers. Her version also strongly implies that P-9 might have averted the tragedy by listening to the pragmatic advice of Louie Anderson, director of the UFCW's Packinghouse Division. Hormel was riding a great wave of wage cutting and union busting that washed through the meatpacking industry in the 1970s and 1980s, sweeping aside the UFCW's industry-wide wage pattern. Anderson's strategy was to reestablish a pattern, even if that meant going down before going up. Guyette and Rogers wanted no part of that kind of pattern bargaining, contending that the Austin plant was profitable and did not need a wage cut.

Kopple suggests that Local P-9 lost because it would not conform. Other observers strongly object to her interpretation, arguing that the international did not stand up to corporate strength. While *American Dream* received rave notices by many film reviewers who liked the cinematic elements—camerawork, editing, and so on—the film omitted too many critical pieces of information for me, a print reporter. Near the film's beginning, for example, Kopple states that Hormel cut wages from \$10.69 to \$8.25 per hour in 1984, implying that it acted unilaterally, outside the UFCW contract. Not true. Actually, Hormel took advantage of a "me-too" provision in its contract, enabling it to adjust rates downward because other major packers did. You can argue that Hormel treated its workers shabbily by cutting wages in a profitable year, but arbitrators ruled that the action did not violate the contract.

To understand some of these complexities, I had to supplement my viewing of *American Dream* by consulting two books published about the strike: *No Retreat, No Surrender* by Minneapolis journalists Dave Hage and Paul Klauda and *On Strike at Hormel* by Hardy Green, a journalist who worked in Rogers's campaign at Hormel. Hage and Klauda provide a comprehensive outside analysis of the strike, while Green offers an intimate view of the strike from inside.

Even with its faults, *American Dream* contains several powerful and affecting scenes, including a stiker sobbing as he contemplates crossing the picket line. For some critics, however, this shot exemplifies what is wrong with the film. "The people we are invited to cry with," writes Kim Moody in the May, 1992, issue of *Labor Notes*, "are not the hundreds whose lives were enriched by the struggle and then ruined by the actions of Hormel management and the UFCW leadership. Rather, it is the handful of P-9 members who cross the picket line during the strike who steal the show."

Only in America would a striking worker cry at the thought of crossing a picket line to keep his or her job safe from scabs. That's because only in America can this happen—and be filmed in the happening. ♦

Feminism and Caregiving

Suzanne Gordon

WORKS DISCUSSED IN THIS ESSAY

Caregiving is a fundamental human activity. No human being can successfully journey through life without a proverbial village of relationships that nurture, educate, support, and empower us. The human need to give and receive care is present throughout the lifespan. What varies is only the intensity of the need.

In every society, the organization, distribution, and financing of caregiving presents intricate political, economic, and ethical dilemmas. Our own individualist society tends to treat dependence as an exceptional state rather than the normal human condition. We systematically undervalue caregiving, even as our need for it steadily increases. By the year 2030 the elderly, many of them disabled and dependent, will comprise a quarter of the population in the United States. Many will need complex and costly care for decades, as will premature babies and adults who survive serious emotional or physical illnesses and accidents only to be severely handicapped.

Yet just as these needs are increasing, the issue is complicated by the fact that women—the traditional caregivers for the young, old, sick, and vulnerable—now predominantly work outside the home. Over 60 percent of all women are in the work force. Nearly three-quarters of all children have working mothers. But women are still the primary unpaid caregivers. Thirty-three percent of the women who care for chronically ill or infirm elderly relatives are in the work force; 1.8 million women care for dependent children and dependent parents at the same time. In 1900 the average woman spent between eighteen and twenty years caring for children and nine years caring for elderly parents or relatives. Today the

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average woman still spends eighteen to twenty years caring for children—and eighteen years caring for elderly relatives.

Women's Work or Society's?

Not surprisingly, feminists are ambivalent about caregiving. On the one hand, women take justifiable pride in being the gender identified with nurturing and with relational rather than instrumental ways of associating. Many feminists want our striving, individualist society to give greater prominence to caring values. But to the extent that caregiving has been historically devalued as women's scutwork, some feminists believe that the upward mobility of women requires them to move away from caregiving altogether.

Virtually all feminists agree that men should be caregivers, too. But the low prestige of caregiving is circular and reinforcing. Paradoxically, only when voluntary caregiving attains greater esteem is society likely to devote greater resources to those caregiving activities that should be professionalized and paid. Only then are men more likely to bear their fair burden of care, both in the home and in the helping professions.

For the past several decades a growing number of scholars, activists, and practitioners in the caregiving professions and in moral philosophy, sociology, history, religion, and feminism have developed a body of thought about caregiving. Because this has been women's traditional work, these thinkers and activists often focus on women's experiences. Many (but not all) of these thinkers identify themselves with "relational" feminism, arguing that the centrality of relationships has traditionally differentiated women from men. They do not, however, believe that the capacity to care is determined by gender but rather resides in all human beings and is essential to any healthy society.

Unfortunately, to address the problems of caregiving is to risk being labeled sentimental or anti-feminist, especially by feminists who define women's progress in individualist or careerist terms. The need to give and to receive care reminds us of interdependencies that many individualists, male and female, seem all too eager to transcend. Moreover, caregiving is an activity that involves a kind of intelligence and knowledge that our culture does not value as intelligence or knowledge.

Attending to others involves not only abstract learning and reasoning but relational intelligence, social learning, and skilled knowledge. Caring demands that one *dwells*—as Martin Heidegger would have described it—with another. That dwelling does not produce tangible products or services—a car, a takeover deal, an income tax return, a by-pass operation—that consume a predictable amount of time and can thus be neatly quantified and priced. As feminist educator Nel Noddings, associate dean of the Stanford School of Education, has so well explained, the product of care is embedded in the person who is cared for and cannot be segregated from that human life. Caring is not dependent on what I do to you but on what I do and how you receive or respond to it. This individual relationship is in turn dependent on a social context that supports it—or, in the United States, that too often denies and destroys it.

Learning how to navigate these relationships and acquire relational intelligence demands "skilled intuition," as nurse ethicist Patricia Benner of the University of California at San Francisco puts it. As other research at Wellesley College's Stone Center has elaborated, most of us fail to grasp that the empathy involved in caregiving is really intricate emotional and intellectual work, not just uttering soothing platitudes. What Benner calls "embodied intelligence" is, however, not a kind of learning our culture generally recognizes.

Caregiving as Social Learning

Caregiving is also a problem for our culture because, as Pulitzer-prize winning historian Lauren Thatcher Ulrich points out, it is extensive as well as intensive work. Caregiving cannot be accomplished in a neat period of time—a fifteen minute diagnostic visit to the doctor or an hour-long English class. The caregiving relationship is often interrupted with a variety of different activities and demands; it may encompass intimate, domestic tasks—the washing of a bottom, the feeding of an elderly man or woman. The playwright Davenant, writing in the fourteenth century, expressed this long-standing prejudice: "Kings who move within a lowly sphere of private loves are too domestic for any throne."

The assumption that domestic work is inherently too lowly for anyone of importance to perform infects our entire society. Yet most work—no matter how elevated we deem it—contains a share of routine and tedium. A best-selling author may seem to epitomize glamour, but the actual work of constantly revising copy is hardly glamorous. It is hard to understand why our culture believes that the cold calls a stockbroker makes to convince strangers to buy the latest offering of ATT or IBM are more ennobling than the diapering of a bottom or the other daily activities that help people survive and thrive.

Caring is also devalued because it may necessitate being with another human being, not necessarily doing for him or her. But in our culture we value doing, not being. We are certain that *being* with someone means *doing* nothing. This misunderstanding of the doingness of being reflects our knowledge that it is sometimes far harder to *be* with, to demonstrate compassion (that is, suffering with) someone at a moment of crisis than to *do* for them.

In our radically individualist society, the caregiving relationship challenges our illusions about autonomy. We fear that even short-term assistance may produce chronic dependence; thus, those who require care are often deemed morally defective, especially when public funds are involved. In some cases, even the caregiver is morally suspect for coddling the dependent. Yet, ironically, the badge of wealth in our society is the ability to afford personal caregivers, whether private nurses for the genuinely afflicted or merely domestic servants and nannies to provide elective comforts. These are, again, invariably women.

Women are right to scrutinize carefully discussions of caregiving as a potential trap. As historians Nancy Cott and Ann Douglas explain, patriarchal societies have rationalized their unequal division of caregiving labor by praising the capacity to care as uniquely feminine, a product of "women's superior moral virtues and 'natural'" inclination to care for the dependent. Women's

"natural" capacity to care, Cott and Douglas point out, became central to the "cult of domesticity" that arose in the late eighteenth and early nineteenth centuries and that reinforced women's domestic confinement.

Unfortunately, rather than exploring the world of caregiving for its positive as well as exploitative aspects, disentangling its patriarchal legacy, and reframing the enterprise, many feminists—again for understandable reasons—prefer to flee caregiving to prevent any such exploration or to apply marketplace solutions to the debate about who should care, how caregiving should be provided, and how all human beings should be educated to care.

A Backlash Against Care

The American individualist creed bases identity and worth on individual rights and property; emphasizes success and power in the marketplace; promotes self-control through self-reliance; and contains only limited concepts of moral obligation to others who might pose pressing claims on the self. The more individualist or liberal strand of feminism has been influenced by the Lockean individualism that pervades American society. Lockean individualism depends on what philosopher Charles Taylor has called the conception of radical rather than situated freedom and posits that the fully developed human being is the freely choosing, rational calculator uninfluenced by culture.

Feminists in this tradition tend to pursue a doctrine of rights and fairness—the creation of a level playing field on which to compete for formal equality with men in the world of work, politics, and culture. They tend to fear that discussions of caring will derail women's progress in this realm, ushering in a return to the cult of domesticity and women's entrapment in the home and in traditional caring professions. They see any discussion of women's different history and tradition as validating traditional roles.

Almost all such feminists would, nonetheless, argue that women's liberation depends on some resolution of the problem of caregiving. They propose workplace and public policies that allow women and men unpaid or paid time off to take care of newborns or adopted children, family leave to take care of sick or dying relatives or spouses, and more flexible work arrangements like job-sharing and part-time and flex-time work schedules. Institutional solutions to caregiving that provide working mothers and daughters with surrogate caregivers are highly favored.

In the service of this goal, liberal feminists at least pay lip service to the argument that professional providers—nurses, teachers, and day and elder care providers—should receive better pay and improved working conditions. And they, of course, insist that part of the real solution to caregiving lies in getting men to share in the duty to care.

But because such feminists seem to associate caregiving with female exploitation, they fail to join caregivers in their struggles for greater respect and to discern the virtues and moral lessons of caregiving work. As we shall see, some of their comments on caregiving are so derogatory that it is hard to understand why anyone reading or hearing them would consider a career in traditional women's work a legitimate choice.

In her best-seller, *Backlash*, Susan Faludi argues, "The last decade has seen a powerful counter-assault on women's rights, a backlash, an attempt to retract the handful of small and hard-won victories that the feminist movement did manage to win for women." Faludi's thesis is indisputable. She has been justly applauded for her verve and indignation. Many sympathetic reviewers and readers have, however, regretted the fact that Faludi indicts not only the enemies of equal rights but also advocates like Carol Gilligan. Most reviewers seem to consider this to be a regrettable accident or oversight. However, Faludi's attack on Gilligan and other relational feminists is not accidental but stems from her ideological stance. In a chapter titled "The Backlash Braintrust: From Neocons to Neofems," Faludi argues that an influential group of researchers and popular writers have "helped spread anti-feminist sentiments across the political spectrum."

"In fact," she explains, "some of the backlash experts were even women who claimed to be feminists. Some classified themselves as second generation 'neo-feminists,' speaking up for 'mothers' rights.' Others brandished membership cards from the early days of the women's movement; they were feminist writers of the 70's now issuing revisionist texts. And then there were the unwitting and unwilling messengers—feminist scholars, who watched in dismay as their studies of gender differences were distorted by the backlash's burgeoning staff of zealous interpreters."

Her main targets are Sylvia Ann Hewlett, Betty Friedan, and Gilligan. Germaine Greer and Susan Brownmiller also get a good lashing. (Truth-in-packaging disclosure: there is also brief reference to my own book, *Prisoners of Men's Dreams*.) All are equated with the most indefatigable opponents of female emancipation—George Gilder, Allan Bloom, Robert Bly, Michael and Margarita Levin, and Warren Farrell. Friedan, for example, is not only accused of being an egomaniac but is assailed for the pro-family positions she espoused in *The Second Stage*. Friedan, Faludi says, "stomps" on feminism, calls for a "murkily defined new order that is heavy on old Victorian rhetorical flourishes" and generally "retreats into a domestic haze." Faludi's distress with discussions of family issues, moreover, appears not only in her attack on Friedan but wherever the subject of family is raised. Thus she regards the effort to convert "women's issues" into family issues as a feminist retreat, not as an advance that would include men in solutions to problems of working parents.

Faludi believes any consideration of "women's special needs" or qualities will boomerang. "'Special' may sound like superior, but it is also a euphemism for handicapped," according to Faludi. "Most relational scholars," she writes, "no doubt believed they could bring back the cult of domesticity on their own terms. These academics hoped to push for women's 'special rights' without jeopardizing fundamental civil rights and opportunities. All the same, in their tributes to the 'domestic arts,' their sometimes self-righteous homages to female moral superiority, and their denigration of 'simple-minded equality,' they risked clothing old Victorian conceits in modern academic dress." Ignoring the primary texts of relational feminists themselves, she reports that they "offered dewy-eyed visions of female domestic confinement"; they "roman-

ticize" and "celebrate" rather than "explore" women's traditional socialization and urge on us a "cult of domesticity" in their tributes to the "domestic arts."

Faludi fears that relational life will be used by the right to oppose female equality. She warns that conservative backslashers use Gilligan "to bolster their arguments that independence was an unnatural and unhealthy state for women" and cites such arguments of female "specialness" used against the rights of litigants in equal employment cases. "Saying that we're more maternal and caring and cooperative and contextual just reinforces that behavior," Faludi told a *New York Times* reporter.

Faludi's critique of Carol Gilligan's work could have been interesting, and some of the problems she raises are legitimate. They have, in fact, been partially addressed in Gilligan's later co-edited collection, *Mapping the Moral Domain*. Unfortunately, Faludi seems unfamiliar with that text. Her own secondary sources seem to include only critics of Gilligan but none of the research and scholarship that Gilligan's work has inspired—a body of thinking that qualifies, clarifies, and expands many of her insights.

Like many other critics of caring, Faludi herself lacks historical grasp of the meaning and function of the nineteenth-century cult of domesticity or any serious understanding of the deeper issues in caregiving. In contrast to the real advocates of the cult of domesticity, relational feminists do not ask women to play roles only in the family and caregiving professions but to play many roles in many professional settings. They want men as well as women to be educated in "the skill of involvement."

Feminists who have been active in the fight for improved human services, education, child and elder care, and health care most emphatically do not counsel women to be dependent and participate indirectly in society. Quite the contrary, they ask women to take direct action themselves, personally, politically, and professionally, to promote *both* social justice and caring. To them caring is often considered to be a subversive, not adaptive, activity that will challenge, not provide a haven from, the tyranny of the marketplace and the negative consequences of radical individualism. This is a far cry from the nineteenth-century vision of feminine purity, dependence, and shelter.

But Faludi seems unable to assess accurately what her caring sisters do believe because she seems to find little value in the work done in the home and caring professions. There are, of course, many feminists among the over nine million nurses, teachers, child care, elder care, and other care-related workers who make up the ranks of the relationalists. Their lives, aspirations, and livelihoods have also been adversely impacted by the conservative policies of the 1980s and 1990s. But Faludi ignores their struggles.

This disdain is widespread among some women's rights advocates. In her essay "Against Caring" in *The Journal of Clinical Ethics*, Hilde Nelson warns nurses away from a caring ethic. Nelson criticizes Nel Noddings's feminine ethic of caregiving as articulating "the traditional woman's work of mothering, tending the family, gardening, and cooking. It spoke to the 'lived experience' of countless suburban housewives."

This disdain also infuses attorney Wendy Kaminer's *A Fearful Freedom: Women's Flight from Equality*. Kaminer takes issue with feminists who are concerned with family, community, relationship, and caring: "The private concerns of women—children and family—and the costs of careerism are defeating the drive and desire of many to participate equally in public life." Even minimal examination of women's different historical and contemporary experiences, she contends, will impede their march toward equality. "Feminists who put their faith in sisterhood have difficulty reconciling their demand for jobs and economic equality with the fact that jobs are awarded competitively," she comments, summarily rejecting the ideal of sisterhood that once animated the women's movement.

Throughout *A Fearful Freedom*, Kaminer constantly devalues women's experience and history in the domestic sphere. "Like immigrants who want to preserve their culture and be Americans too, women are caught" between "feminine values" and a "masculine world." True enough. But according to her, this woman's culture is utterly trivial—"the private world of children and shopping and female friendships."

Given this image of the indolent, suburban housewife lunching at Lord & Taylor with her comrades in consumerism, it is no wonder that feminists such as Kaminer and Faludi view the male workplace as the mecca to which female pilgrims should journey. In Kaminer's conception of the marketplace, "masculine jobs" are not simply better paid and more respected, they are also the ones requiring "stamina and strength, and the capacity to command." Instead of explaining that relational work demands the same, she implies that it prepares us only to be weak, subordinate, and obedient.

Kaminer opposes, rather than tries to reconcile, caring with the struggle for rights and social justice. "Rights," she bluntly asserts, as if these rights had an existence independent of those who administer or implement them, "are more trustworthy than judges or social workers, and the displacement of rights by a commitment to 'caring' is a prescription for discretionary injustice." But in fact, feminists who value caregiving do not "deny the crucial importance of justice and rights in affirming the wisdom and value of the voice of care," as philosopher Alisa L. Carse has written in *The Journal of Medicine and Philosophy*. Rather, like Carse, they may choose to "defend the need to retain a sturdy rights conception within ethics, but affirm at the same time the need for an ethic more demanding than the ethic of justice—one which gives an essential place to 'care' through norms of character and citizenship (for all people)."

Iron Jane

Novelist and essayist Diane Johnson, an advocate of female equality who disclaims the label "feminist," similarly devalues caregiving. In her article "Iron John and His Friends," in the January 16, 1992 issue of the *New York Review of Books*, Johnson seems to doubt that it is possible to value caregiving and those who do it. In a brief section on my book, *Prisoners of Men's Dreams*, she fears that an analysis of the non-exploitative aspects of caregiving "merely rephrases the same age-old definition of womanliness that has always been used to

devalue them (i.e. women)." Citing Thorstein Veblen, Johnson proposes that caregiving tasks "arise from the condition of servant and concern themselves with servile attendance on the persons of other people."

"Women," she insists, must stop "staking out these mostly thankless jobs as if they were desirable and to be done only by females." Men, she contends with sublime certainty, will do caregiving work when it is better paid. In her most recent novel, *Health and Happiness*, Johnson vividly dramatizes this sexist definition of caregiving in her description of life in a San Francisco teaching hospital that she calls Alta Buena. The novel's most important characters are physicians—most of them male—performing the medical heroics and occasionally making mistaken or unethical decisions.

All the physicians in the book have names, but many of the nurses remain anonymous servants. None of her major characters is a nurse. Nurses never even play a major role in patient care. Even the nurses in the intensive care unit—who would be some of the most technically proficient in the hospital—seem to be little more than inert pieces of medical equipment. To add insult to injury, Johnson's only vaguely developed nursing figure is a cardboard stereotype. In a real hospital, head nurse "Carmel Hodgkiss" would be in charge of coordinating complex patient care. Her assignment at Alta Buena? To coordinate the gossip about physicians' love lives. She was the one "who best kept track of love and sex at Alta Buena."

Johnson's subtext suggests that nurses are little more than maids, who are to be pitied for taking such an exploitative career. While nurses are surely undervalued and underpaid, reading this book one would never know that nurses are highly trained professionals and that caring involves emotional, cognitive, and technical skills. With the kind of nursing care Johnson's nurses provide, Alta Buena's mortality rate would have soared off the charts.

Presumably, the liberated woman's freedom to choose extends to the choice of staying at home to raise children or forging a career in the so-called helping professions. Not so. It soon becomes evident that there is a hierarchy of choices and the favored new ones involve elite, high-paying jobs in traditional masculine fields and activities. Liberation quickly becomes measured in terms of how far women have traveled away from work in the home and caregiving professions.

Who Cares?

In her work on the cult of domesticity, Nancy Cott has spoken of the dangers of reading twentieth-century values and preoccupations into the nineteenth century. One might want to extend this warning to feminist theorists who seem intent on reading the values of nineteenth-century celebrations of feminine superiority and purity into many of the late twentieth-century analyses of caregiving. Feminists make a mistake if they believe the only choice women have is that between the masculine marketplace and the cult of domesticity.

Feminists cannot simultaneously applaud men who share caregiving in the home and helping professions and look down on women who freely choose to work in the home as mothers or who become nurses, teachers, child care

providers, or social workers. If feminists do not honor the full range of the choices women make, how can they ask men to change? If work in the family wraps one in a haze of domesticity and enrolls one in a cult of domesticity that blunts all talents, why would any man volunteer for this social lobotomy?

Most critics of care propose a simple solution that they insist will resolve this conundrum. Elevate the salaries of caregivers, they say, and more men will enter the helping professions. Like Diane Johnson, they do not understand that negative images of caring—not just pay and benefits—influence career choices. Nurses at the kind of major, urban medical center she describes could earn as much as \$50,000 to \$60,000 a year (that's more than twice as much as the average American male earns). Yet 3 percent of America's 2.1 million nurses are men—a huge gender gap that is the rule even in the most prestigious hospitals and medical centers. Most full-time public school kindergarten teachers, with the same amount of education and experience, earn as much as high school teachers. Yet, men make up over 47 percent of the nation's high school teachers, but only 16 percent of elementary teachers and an even smaller percentage of kindergarten teachers. Prejudice—not simply low salaries—has kept men out of the caring professions. Recruiting men to caregiving, either in the home or in the helping professions, hardly involves Victorian romanticization. But it certainly involves a realistic appraisal of the importance, difficulty, and complexity of this work.

Societal support for caregiving must be supplemented by education to produce human beings motivated and skilled enough to effectively care for others. We will drive away the best people from caregiving professions if we continue to confuse service to others with "servile attendance" of their personal needs. And if this traditional disrespect and disdain for such activities infects even feminists, we will never convince politicians, corporate executives, or taxpayers to allocate funds for institutional services and desperately needed support for community and family-based caregiving.

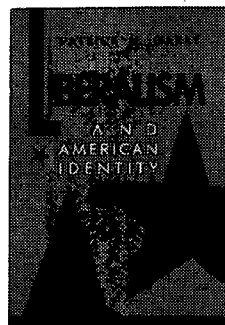
We need first a consciousness-raising movement about caregiving. From the earliest grades, schools should teach both boys and girls that they will give and receive care throughout their lives, as well as make exchanges in the marketplace. Nurses, health care workers, social workers, and child and elder care workers must add their vigorous efforts to create this new consciousness about caregiving by telling their stories and promoting their research and scholarship.

To be sure, we also need to upgrade the pay and prestige of professional caregivers. But the changes in public policy—on which nearly all feminists can agree—depend on changes in attitudes. And some feminists, unfortunately, reinforce self-defeating attitudes. The kind of society that most feminists cherish depends on a universal ethic of mutual care. That goal is advanced by the feminist project of making visible women's traditional, invisible work—a project that has never constituted an attack on independence or equality. Simply saying that women shouldn't do this work is no solution. Indeed, it is a recipe for the marginalization of feminism. ♦

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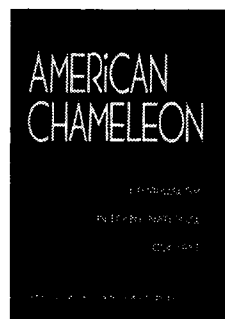
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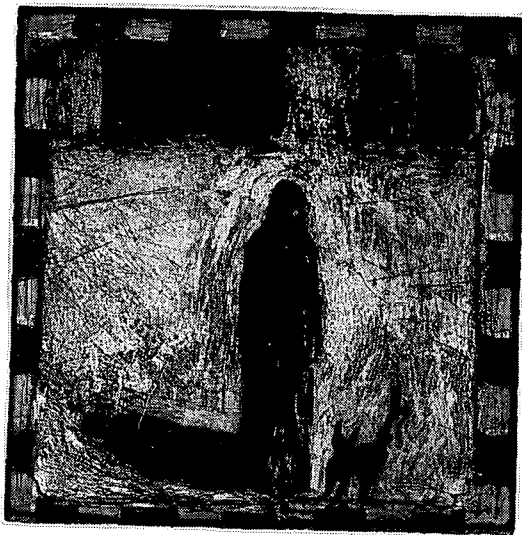
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